UK commercial property
Still sinking
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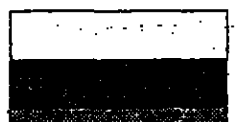

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Nicotine patches make their mark
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FINANCIAL TIMES

Thursday April 2 1992 | EUROPE'S BUSINESS NEWSPAPER | D 8523A

Rate cut fails to dispel Tokyo investors' gloom

A cut in Japan's official discount rate failed to dispel deep gloom on the Tokyo stock market, where the Nikkei average plunged by 764.16 to 18,581.79. The governor of the Bank of Japan, Yasushi Mieno, left no doubt that the official discount rate, yesterday lowered by ¾ of a percentage point to 3¾ per cent, had hit bottom, at least for the time being. Page 16

Argentina excluded from oil search: The Falkland Islands government is inviting tenders for seismic studies in disputed territorial waters in the South Atlantic, effectively excluding Argentina, which had been pressing for joint participation, from the initial search for oil. Page 16

Losing ground: Hardline Chinese premier Li Peng (left) is losing the power struggle with Communist party reformers. His decision to hold the country's growth rate to 6 per cent this year has received unprecedented criticism from the National People's Congress. Page 4

Hopes of recovery rise: Hopes that the US is moving out of recession were lifted by the second sharp monthly increase in the purchasing managers' index. Page 3

German optimism: German companies are expecting the domestic economy to improve next year after stagnation or downturn this year. Page 2

Four Palestinians shot: Israeli paramilitary police shot dead four Palestinians in the Rafah refugee camp in the occupied Gaza Strip after a clash with wanted Palestinian activists.

Arab League warns on sanctions: The Arab League warned of dangerous consequences from the United Nations' imposition of sanctions against Libya, but reaction among most Arab states was relatively restrained. Page 4

Construction work grows: Overseas orders won by South Korean construction companies more than doubled during the first three months of this year, compared with the corresponding period last year, as Asian countries took advantage of their growing economic strength. Page 5

Airport costs rise: The estimated cost of Hong Kong's new airport has risen by 13.8 per cent in real terms in less than a year. The airport will now cost an estimated HK$112.2bn (US$14.5bn) at March 1991 prices. Page 5

Norwegian banking: Norway's minority Labour government plans to establish its controversial state-owned Norges Postbank before the end of the year. It is seen by some as a threat to the country's ailing banking sector. Page 20

Hong Kong move halted: Hong Kong's corporate watchdog, the Securities & Futures Commission, intervened to stop Joseph Lau's Evergo International from taking private its associate, Chinese Estates. Page 20

Ukraine deadlock: A meeting between Nato and its former Warsaw Pact adversaries failed to break the deadlock between Ukraine and Russia over the positioning of nuclear weapons. Page 2

BMW, German carmaker, saw sales rise 30 per cent in the first quarter, but it warned that it would not maintain the pace. It said Germany was becoming less attractive as a production location because of high costs and over-regulation. Page 17

Harrisons & Crosfield, chemicals, building supplies and feedstock conglomerate, is paying £67m in cash for BOCM-Silcock, Unilever's animal feeds business. The move will give H&C market leadership and economies of scale. Page 18; Details, Page 24; Lex, Page 16

Olympia & York, cash-strapped Canadian property developer, is expected to raise several hundred million dollars over the next few days via GW Utilities, its 89 per cent owned subsidiary, to help meet overdue debts. Page 19

Olivetti: Vittorio Cassoni, managing director of the Italian computer and office automation group, is to be an executive vice president of Xerox, US document processing company. Page 17

Brel, Britain's largest manufacturer of rail equipment, could win access to overseas markets following moves by Swiss-Swedish engineering group Asea Brown Boveri to take a controlling stake in the company. Page 9

Accident worse than thought: A Russian government adviser on ecology said last week's nuclear accident near St Petersburg released 19 times more radiation than officially reported.

US LUNCHTIME RATES

Federal Funds:	4¼%	
3-mo Treas Bills: Yld	4.097%	
Long Bond	100⅝	
Yield	7.92%	

LONDON MONEY

3-mo Interbank	11¼%	(10⅞%)
Liffe long gilt future:	Jun 93⅝	(Jun 94⅛)

STOCK INDICES

FT-SE 100	2,408.6	(-31.5)
Yield	5.05	
FT-SE Eurotrack 100	1141.13	(-8.67)
FT-A All Share	1154.18	(-1.5%)
Nikkei	18,581.79	(-764.16)
New York lunchtime		
Dow Jones Ind Ave	3,221.38	(-14.08)
S&P Composite	401.20	(-2.49)

NORTH SEA OIL (Argus)

Brent 15-day	$18.325	(18.1)

Gold

New York Comex Apr	$343.8	(343.7)
London	$344.8	(342.55)

STERLING

New York lunchtime:		
$	1.7255	
London:		
$	1.724	(1.7355)
DM	2.85	(2.855)
FFr	9.6825	(9.68)
SFr	2.605	(same)
Y	231.5	(231)
£ Index	90	(90.2)

DOLLAR

New York lunchtime:		
DM	1.6515	
FFr	5.60125	
SFr	1.5195	
Y	134.5	
London:		
DM	1.653	(1.645)
FFr	5.605	(5.5775)
SFr	1.5115	(1.501)
Y	134.3	(133.15)
$ Index	65.2	(64.9)

Tokyo close Y 133.8

Announcement is aimed at heading off opposition to Yeltsin's economic reforms

G7 pledges $18bn Russian aid

By Quentin Peel in Bonn and George Graham in Washington

UP TO $18bn in credits and loan guarantees is to be provided for Russia this year, along with $6bn for a rouble stabilisation fund, under an aid programme unveiled yesterday by the Group of Seven leading western industrialised states.

The package was sealed only after the US committed itself to the programme. President George Bush said the US backed a "comprehensive and integrated programme to support the struggle for freedom" in the former Soviet Union.

"The stakes are as high as any we have faced in this century. Together we won the Cold War and today we must win the peace", Mr Bush said.

The package was presented in Bonn and Washington as the basis of a "Help for Self-Help" programme for Russia, which must be underpinned by agreement between the Russian government and the International Monetary Fund on a full-scale structural adjustment programme.

Although many details, particularly of the rouble stabilisation fund, have yet to be finalised, the scale of western assistance was spelt out in Bonn and Washington as part of an attempt to win support for the economic reforms of Russian president Boris Yeltsin. He faces a crucial vote on his package – intended to be the basis of the IMF agreement – in the Russian parliament on Monday.

The package, which is seen in Moscow as an important show of international support for Mr Yeltsin, will put him in a stronger position to beat off critics at the congress. Some deputies at the meeting will be seeking the resignation of Mr Yegor Gaidar, first deputy prime minister and architect of the reform programme.

Mr Helmut Kohl, the German chancellor and driving force behind the aid programme as chairman of the next G7 world economic summit in Munich, said the package was intended as "a decisive signal of the political and economic support" of the western powers for Mr Yeltsin's reforms.

"We know that we can only have a limited influence on the reform process in the Commonwealth of Independent States", he said. "But given the dimension of the task . . . the west must do everything to contribute towards the stabilisation of the democracy and the economy there."

Mr Horst Köhler, German state secretary for finance, and Mr Kohl's chief negotiator in the G7, said the $18bn was the sum total of credits from the IMF ($4bn) and the World Bank ($1.5bn), as well as the European Bank for Reconstruction and Development, export credit guarantees and food credits, both from the G7 and Scandinavian countries.

He forecast that the total would be enough to meet the immediate gap in the Russian balance of payments this year.

He said G7 finance officials had agreed in Paris on Tuesday to extend the roll-over period for repayments of principal on ex-Soviet debt – in exchange for Russian agreement for western auditors to inspect the books of the Vneshekonombank, and the country's leading hard currency industries. The intention would be to try to identify where hard currency earnings are leaking out of the Russian system, either in the form of capital flight, or as illegal foreign currency bank accounts kept abroad.

In addition to these multilateral aid measures Mr Bush threw his weight behind the US's $12bn contribution to the IMF's quota increase, which has been stalled in Congress, and announced a series of unilateral US aid measures.

These include $600m of agricultural credit guarantees to help Russia buy US food, and a further $500m for the Ukraine and other former Soviet republics, and the repeal of "Cold War legislation" in order to open up trade between the US and former Soviet Union.

Mr James Baker, US secretary of state said the US would take up 25 per cent of the rouble stabilisation fund, and its overall share would be between 20 and 25 per cent of the $24bn G7 package.

Mr Köhler spelt out an intended time scale for the Russian aid programme, starting with IMF membership before the end of April, negotiation and finalisation of the IMF adjustment programme in May, and drawing the first credit tranches from the Fund in June. World Bank cash should also be available in June or July, he said.

The IMF executive directors agreed on Tuesday on a 3 per cent quota for Russia in the Fund with the other former Soviet republics getting a further 1.75 per cent.

Background, Page 2
Editorial Comment, Page 14

Hint over change of mind as prime minister is summoned for more talks

Mitterrand delays decision on the future of Cresson

By Ian Davidson in Paris

FRENCH president François Mitterrand yesterday appeared to be having second thoughts over the dismissal of Mrs Edith Cresson as prime minister.

Her removal had previously been regarded as virtually inevitable after the disastrous setback suffered by the government in the recent round of local elections.

Le Monde yesterday openly aired the possibility that Mr Mitterrand might be in the process of changing his mind. But Mr Jean Auroux, parliamentary leader of the Socialist party, predicted that a new government of some kind would be formed within the next 24 hours.

For the third day running, the president conducted intensive consultations with friends and associates on the lessons to be drawn from the regional and departmental elections, in which the Socialists suffered humiliating defeats.

Mrs Cresson was again summoned to the Elysée Palace for discussions with the president, but when she returned to her office at the Hotel Matignon, it appeared nothing had been settled.

If Mr Mitterrand were to ask Mrs Cresson to stay on, she is believed to have told him that she would want a far-reaching cabinet reshuffle that would include the removal of many of the barons of the Socialist party, known colloquially as "Les Elephants".

The depth of the crisis precipitated by the regional elections also appears to have brought to the surface intense antagonism between leading members of the Socialist party, as well as acute differences over the right policy choices to respond to the popular vote.

Mr Mitterrand's delay does not prove that he has decided to keep Mrs Cresson, or that he has decided against any of the other candidates. But he is evidently determined to take all the time he needs before deciding on such a critical choice at such a critical time.

Officials at the Elysée Palace said that Mr Mitterrand was considering how the government should change its policies in response to the swingeing disavowal of the electorate in the recent ballots. They suggested that the president's strategic decisions in adopting new policies were more important than the choice of a new prime minister.

Long delays in the lead-up to an important decision have been frequent in Mr Mitterrand's career. In the spring of 1983, after a serious setback in the municipal elections and under the pressure of a continuous foreign exchange crisis, he hesitated for nine days over whether to dismiss Mr Pierre Mauroy as prime minister, before finally asking him to stay on.

Some of Mrs Cresson's staff started to suggest that she might after all remain in office for some time.

One of her officials at the Matignon said: "We shall not leave until the crocuses are completely out. The work goes on."

Still waiting: French prime minister Edith Cresson

EC and US agree to limit subsidies on civil aircraft

By Andrew Hill in Brussels and Paul Betts in London

EUROPEAN Community and US trade negotiators ended six years of intermittent talks on aircraft subsidies early yesterday morning when they struck a deal to limit direct and indirect government support to civil aircraft manufacturers.

The agreement, which has yet to be approved by US and EC governments, will remove one of the blackest clouds over their trade relations, and should provide a psychological boost to the flagging world trade talks under the General Agreement on Tariffs and Trade.

Before leaving Brussels, Mr Michael Moskow, US deputy trade representative, said he was "very pleased" with the deal, which should become the centrepiece of a multilateral agreement on aircraft subsidies under Gatt next year. A senior EC official said the agreement would mean a leaner and fitter aircraft industry on both sides of the Atlantic.

Airbus said the agreement had lifted "an important question mark on whether we could continue selling aircraft in the US without paying a penalty". The US had threatened to impose special duties on Airbus aircraft sales failing an agreement.

Boeing, the world's largest commercial aircraft maker, said it would not comment until the agreement was ratified. But US manufacturers appeared to consider the compromise as marking "good progress".

But there are already fears that conflict over interpretation of the agreement may simply lead to a new series of trade disputes, particularly in the sensitive area of indirect subsidies and government inducements to help sell aircraft.

Industry officials also said the fierce competition in a soft aircraft market was expected to keep the issue on the boil.

The dispute centred on US accusations that Airbus Industrie, the EC manufacturing consortium, received direct development aid from EC governments. In its turn, the Community claimed US manufacturers bene-

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Accord waits final hurdle, Page 5
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Gatt paralysis, Page 14

UK shares fall as investors eye Labour's lead in polls

By Peter Marsh, Economics Staff, in London

SHARE prices in London fell sharply yesterday as investors came to terms with opinion polls showing the opposition Labour party with a clear lead.

The polls were the main factor driving the FT-SE 100 index of leading shares down 31.5 to close at 2,408.6. Prices of government gilt-edged securities fell too, closing nearly a point down.

Mr Robin Aspinall, an economist at Schroders, the merchant bank, said: "Last week six out of 10 people in the City thought the Tories would probably win the election. Now it's six out of 10 who believe a Labour victory is possible. The City doesn't like the idea of a Labour government and the nervousness we've seen is the result."

Yesterday's drop in the FT-SE index means the index has lost nearly 170 points since Budget day on March 10. The election jitters also forced up rates in the London money market, indicating a perception that if Labour won it might have to increase base rates soon after taking office, in order to defend the pound.

Relatively few investors shifted funds out of sterling yesterday. The fall in the pound against the D-Mark was restricted to half a pfennig. The pound closed in London at DM2.85, 10 pfennigs below its DM2.95 central rate in the European exchange rate mechanism (ERM).

The market's worries had their effect on the key 3-month interbank rate, at which banks lend among themselves. It climbed ⅜ of a point, to close at about 11¼ per cent. That pointed to an increase soon in base rates – which have been held at 10½ per cent for nearly seven months.

Mr John Shepperd, an economist at S.G. Warburg Securities, the securities house, said: "The markets are looking to a Labour victory, and many people are taking Mr John Smith [Labour's shadow chancellor] on his word that he will not devalue the pound in the ERM. But there is also a belief that as soon as Labour takes office, investors will test his resolve on this point, and sell sterling. On this basis, to keep the pound in its band, base rates will have to rise."

Mr Ken De La Salle, head of foreign exchange at National Westminster Bank, said another reason for nervousness was the size of the public sector borrowing requirement, which the Treasury says will be £28bn ($48bn) in the government's financial year starting yesterday. "In order to fund this, base rates might to rise, irrespective of who forms the next government."

Mr Peter Lyon, equity strategist at brokers Smith New Court, said the fall in share prices could also be explained by investor nervousness over Labour's proposed economic measures. He said these might hinder, rather than speed up, recovery from the 18-month UK recession.

FT election share index, Page 7
Lex, Page 16
London stocks, Page 27
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Austria	Sch30	Hungary	Ft162	Malta	Lm0.50	S.Arabia	SR9.00
Bahrain	Din1.000	Iceland	IKr180	Morocco	MDh11	Singapore	S$4.10
Belgium	BFr60	India	Rs20	Neth	Fl 3.50	Spain	Pta200
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr14
Czech	Kcs35	Israel	Shk5.50	Norway	NKr15.00	Switz	SFr3.00
Denmark	DKr14	Italy	L2500	Oman	OR1.20	Thailand	Bht50
Egypt	E£4.00	Jordan	JD1.20	Pakistan	Rs35	Tunisia	Din1.000
Finland	FM16	Korea	Won 2500	Philippines	Pso45	Turkey	L6000
France	FFr8.00	Kuwait	Fils.500	Poland	Zl 18,000	UAE	Dh9.00
Germany	DM3.30	Lebanon	L£1,250	Portugal	Es190		
Greece	Dr250	Lux	LFr60	Qatar	QR10.00		

CONTENTS

Western aid to fill trade gap for Russia

By Quentin Peel in Bonn

THE Western aid to Russia unveiled yesterday is intended to fill the critical balance of payments gap faced by Russia after the collapse of its external trade, just as it is embarking on a drastic reform programme.

Broad details were spelt out yesterday in Bonn and Washington, on behalf of the Group of Seven (G7) western industrialised states, in an open effort to strengthen support for President Boris Yeltsin's economic reforms.

Mr Horst Köhler, state secretary in Germany's finance ministry and Chancellor Helmut Kohl's chief adviser for the forthcoming world economic summit in Munich, said yesterday the $18bn (£10.4bn) assumption for this year included $4bn drawn directly from the Fund.

This represents 100 per cent of the Russian quota of 3 per cent, which was agreed by existing IMF members on Tuesday. On top of the $4bn would be up to $1.5bn from the World Bank in the current year, and more cash available from the Bank for European Reconstruction and Development.

Export credit guarantees, and food credits from the western countries, would push the total up to around $13bn, and contributions from the Scandinavian countries, should bring it up to $18bn, Mr Köhler said.

The entire package depends on agreement between the Russian government and the IMF on an adjustment programme, which could be finalised in May, with first credit tranches coming as soon as June – before the Munich summit in July.

World Bank credits should also be available in June or July, Mr Köhler said.

The secondary rouble stabilisation fund would also be directly linked to the implementation of the IMF adjustment programme, and only the global sum of $6bn has been agreed.

Finance could be provided partly by the G7 member states, and partly by the Fund, with a supervisory committee to ensure that the strict conditions – above all that the money should not be used to fund consumer goods imports – are upheld.

Mr Köhler, speaking on the express instructions of Chancellor Kohl, welcomed the US involvement in the support programme as "late but gratifying".

He said that it represented a fair burden-sharing for Germany, which has hitherto been carrying by far the largest share of aid and credit for the former Soviet Union.

The only new money from Germany would be whatever it has to contribute to currency stabilisation.

Its main contribution to the $18bn comes from DM5bn (£1.7bn) in export credit guarantees promised this year.

The immediate package concerns Russia alone.

However, Mr Köhler said agreement had been reached in the G7 on a framework for co-operation with Russia and the other former Soviet republics. Precise details remain to be finalised.

Mr Köhler said that other republics would have to undergo exactly the same negotiating process with the IMF in order to qualify for similar treatment.

There would be no exceptions, and he stressed repeatedly that agreement on an IMF adjustment programme was an "absolute precondition" for large-scale western assistance.

On the other hand, he insisted that the framework agreed represented "the basis of a reliable aid programme" which would fill the payments gap faced by Russia in the immediate future, and was intended to strengthen the hand of Mr Yeltsin and his government to push through their programme.

As soon as Russian membership of the IMF was agreed – by the end of April – he said the Fund and the Russian government would conduct and immediate and comprehensive "economic stock-taking".

That would form the basis of a comprehensive adjustment programme to be finalised in May.

He said the Russian government's economic programme had already been submitted, and the initial judgment of the Fund was positive.

Politics restricts response from Bush

By George Graham in Washington

IN PONDERING his response to the changes in the former Soviet Union, President George Bush's habitual caution has been reinforced by a powerful political force: the fear that foreign aid of any kind would prove politically unpopular in an election year dominated by domestic concerns.

In recent weeks, however, the Bush administration has come in for a steady barrage of criticism from those who charge that it is botching an epochal opportunity to shape the world for the better.

Criticism from Germany, which has complained that the US has not borne its fair share, may have little impact in domestic terms. But the efforts of a group of senior congressmen from both parties, led by Senator Sam Nunn of Georgia and Senator Richard Lugar of Indiana, won an extra edge when former president Richard Nixon criticised the US's "pathetically inadequate response".

There has been a serious debate in the US over whether financial aid to the former Soviet republics should come from government or from the private sector; over the balance between helping Russia and helping the other republics; and over the likelihood that money poured into the former Soviet Union at this uncertain moment will simply disappear, leaving no lasting trace. Mr Nixon's intervention, however, appears to have played a critical role in refocusing the debate onto the adequacy of President Bush's leadership. President Bush sought to meet the challenge yesterday by announcing a package of measures designed to help Russia and the other former Soviet republics. But the crucial test of his leadership, at what he yesterday called "a defining moment in history", will come in the follow-through.

The administration has repeatedly sent legislation to Congress on several of the measures Mr Bush announced, notably on the US's $12bn (£6.9bn) contribution to the International Monetary Fund's capital increase. It has been criticised, however, for its limp efforts to ensure passage.

German minister of state Jurg Schoenbohm (far right) studies his notes yesterday at the start of the Nato defence ministers' meeting to promote areas of defence co-operation between Nato and its former Warsaw Pact adversaries

IMF timing crucial for Yeltsin

By John Lloyd in Moscow

THE TIMING of the announcement of an IMF quota larger than that originally offered, of imminent membership of the IMF itself (and thereafter the World Bank) and of Group of Seven support for the rouble is crucial to the future of Mr Boris Yeltsin's government.

It comes just before the Congress of Peoples' Deputies which opens on Monday: and Mr Yeltsin, Russian President and his economic reform team led by Mr Yegor Gaidar, the deputy prime minister, badly need something which they can announce with eclat.

That the IMF should act in this way is easily understood. For its officials, the Russian government is not perfect but is seen as by far the best interlocutor they are likely to get.

There have been fears that Mr Yeltsin might be listening to those who want the government to go. Those fears were partially allayed yesterday when Mr Yeltsin told the official news agency Itar-Tass that "we cannot sacrifice the reformist government, which is truly reformist. It is a bold, cohesive and young team."

That Mr Yeltsin felt obliged to put a shot across the bows of those deputies who feel that the team should be disbanded shows he anticipates a struggle. Although, his vice-president, Mr Alexander Rutskoi, appears to have been brought into line by Mr Yeltsin: yesterday, he said he would support the government continuing in office.

Russia's deputies are split into three camps: those who support the government's hard line; those who do not wish to see it dismissed but want it to soften the line; and those who want the government to go. There is presently no way of testing the relative strengths of the three groups.

Among those offering "constructive" opposition is Professor Yevgeny Yasin, chief economist for the Russian Union of Industrialists and himself employed by the government to put across its economic message to the parliament. He supports the government's broad policies, and thinks it important to sustain them, but he believes the government must heed the cries of the industrialists. "The government should loosen the tight credit policy. It must see that it cannot at the same time succeed in liberalisation of the economy and stabilisation of the currency: and liberalisation of the economy is more important."

The "destructive" opposition, on the other hand, will take a variety of forms. Mr Ruslan Khasbulatov, the leader of the parliament, has on every occasion voiced his critique of the government and insistently calls for its dismissal. He has promoted the views of Mr Nikolai Petrakov, the former economic adviser to Mr Mikhail Gorbachev, who believes that the economy cannot recover from the shocks now being administered to it.

He will find support from deputies who fear an executive appointed without their consent (since they gave Mr Yeltsin the right to appoint the cabinet without reference to them) and who resent what they see as the arrogance of the ministers - especially Mr Genady Burbulis, the first deputy prime minister. Their pressure has already removed Mr Sergei Shakhrai, a deputy prime minister who fell foul of a law which prohibits deputies from holding government office or leading political parties. Three other ministers or senior government officials are in the same position.

Mr Burbulis, in an interview yesterday with the weekly Moscow News, did nothing to win popularity by dismissing many of the deputies' concerns as self-interested and narrow minded – arguing that all alternatives to the economic course taken by the cabinet must be understood to be "artificial and senseless."

The lines are being drawn for the struggle: it will be intense, since the process through which Russia is passing is intensely painful.

West owes a debt, says Shevardnadze

MR EDUARD Shevardnadze, the ex-Soviet foreign minister who is trying to rescue his native Georgia from the ruins of civil war, has appealed to the west to show compassion for the plight of the peoples of the former Soviet Union, writes *Leyla Boulton* from Moscow.

"Nowadays when the idea of a community of mankind is triumphing, creating a world without frontiers or walls, I appeal to you to knock down the last wall – the wall of indifference," he said in an open letter made available to the Financial Times yesterday.

Referring to his personal role as foreign minister in tearing down the Iron Curtain "so that your life would not be darkened by the threat of the war", he said the west owed a debt of gratitude for the Soviet empire's collapse.

"I think of the price that the peoples of the former Soviet Union, my people, have to pay for this ... And the suffering here could be so great that having reached a critical point it could also produce a destructive impact upon your warm and prosperous world ... In the name of the future of your own children, help the people who have overthrown the yoke of totalitarianism."

Although similar dire warnings have been used before to attract support for the former Soviet Union, Mr Shevardnadze's appeal stands out for its emotiveness – a quality he displayed when quitting as foreign minister in December 1990: he resigned with a warning that dictatorship loomed. Mr Shevardnadze returned to Georgia after the overthrow of President Zviad Gamsakhurdia in January to head a transitional government until fresh elections.

Nato fails to resolve ex-Soviet missile row

By David White, Defence Correspondent, in Brussels

A MEETING designed to promote new areas of defence co-operation between Nato and its former Warsaw Pact adversaries yesterday failed to break the deadlock between Ukraine and Russia over the remaining stockpiles of tactical nuclear weapons on Ukrainian territory.

Nato defence ministers expressed continuing concern over the dispute. Mr Dick Cheney, US defence secretary, held separate talks in Brussels with ministers from both countries as well as representatives of Belarus and Kazakhstan, the other two former Soviet republics where nuclear arms are stationed. He said all four had reiterated their "basic commitment" to the principle that nuclear weapons should be concentrated in Russia and the stockpile reduced.

"I'm inclined to take them at their word until I have evidence to the contrary," he said.

General Konstantin Morozov, Ukrainian defence minister, said shipments of tactical nuclear arms to Russia, which were suspended last month, would not resume unless Russia agreed to place the dismantling of the weapons under international supervision.

But General Pavel Grachev, representing the Russian president, Mr Boris Yeltsin, said this was not part of the agreement reached between the four republics at Alma Ata, Kazakhstan, last December.

Kazakhstan has already transferred all its short-range tactical weapons and Belarus about 70 per cent.

Ukraine says it had shipped 57 per cent of its stockpile, reckoned to be more than 2,000 warheads, when it halted transfers. All three also have strategic weapons sites.

Both the Russian and Ukrainian ministers said they hoped the dispute could be resolved in time to complete the transfers of tactical arms by the July 1 target date.

Mr Tom King, UK defence secretary, said Nato expected all the non-Russian republics to join the Nuclear Non-Proliferation Treaty. If there was any departure from these assurances, he said, assistance to these countries "could be put in jeopardy".

NEWS IN BRIEF

Five killed as conflict deepens in Moldova

AT LEAST five people were killed yesterday when Moldovan interior ministry troops launched the first big offensive against Russian-speaking separatists in the breakaway Dnestr region, Reuter reports from Kishinyov.

The dawn raid on the town of Bendery showed President Mircea Snegur had abandoned the moderation which characterised his handling of months of separatist violence which has killed more than 50 people and produced more than 5,000 refugees.

The assault on Bendery, described by the Interior Ministry as an operation to eliminate "bandits" and restore order, overshadowed a scheduled second day of peace talks between Russia, Ukraine, Romania and Moldova in the Moldovan capital Kishinyov. Mr Snegur declared a state of emergency in the former Soviet republic on Saturday and warned the rebels to hand over their weapons within days or face an armed onslaught.

Brussels fine to hit company

Bolloré, the French transport and industrial conglomerate, warned yesterday that its 1991 results would be hit by the Ecu15m (£10.7m) fine imposed by the European Commission on four of its shipping subsidiaries for freezing out freight competition on routes between France and west Africa, Andrew Hill writes from Brussels. Bolloré, which dominates the sector, has had to promise to cut back its heavy involvement in west African freight trade to help promote competition. Mr Vincent Bolloré, the group's chairman, said the commitments given to Brussels would involve a profound change in the company's business strategy. Sir Leon Brittan, the competition commissioner, said the decision and the undertakings given by Bolloré would put an end to a "particularly harmful cartel".

Danes lose out on illegal tax

The Danish government will not repay to companies the revenue raised by a tax which on Tuesday was declared illegal by the European Court, Mr Anders Fogh Rasmussen, minister for taxation, said yesterday, Hilary Barnes writes from Copenhagen.

But the government will waive payment of the tax for the fourth quarter of 1991, which falls due on Aoril 20. The labour market tax has yielded about Kr55bn (£5bn) since 1987, a sum equal to more than 6 per cent of 1991 GDP. The government will not willingly repay companies, which will have to pursue the matter through the Danish courts if they want to claim it back.

Spain arrests more Eta suspects

Spanish police yesterday arrested two men and a woman suspected of belonging to the Basque separatist group Eta, local officials said, Reuter reports from Bilbao. The arrests followed a security sweep in France and Spain which culminated in the arrest by French police of Eta's top military commander, Francisco Mugica Garmendia, on Sunday. Government officials said the latest arrests bring to 50 the number of Eta suspects detained since January in the province of Vizcaya.

Portuguese border truck protest

At least 1,000 lorry drivers from across Europe blocked the main border post with Spain for road freight at Vilar Formoso yesterday to protest against the slow pace of Portuguese bureaucracy, Reuter reports from Lisbon. The drivers said their patience had been stretched to the limit by red tape affecting lorries entering Portugal and a series of strikes by customs agents facing redundancy when the EC abolishes internal customs controls in 1993.

German companies see upturn next year

By David Waller in Frankfurt

GERMAN companies are expecting the current downturn in the domestic economy to come to an end next year, according to a poll of 401 mainly large companies conducted by the IFO, the Munich-based economics research institute.

The details of the poll, published today, suggest that German businessmen are confident that by the summer of next year they will have put high interest rates, poor profitability and high wage demands firmly behind them.

Manufacturing companies are expecting a nominal 4 per cent growth in domestic sales and a 7 per cent rise in exports for the whole of next year. To help meet expected demand they are planning to increase investment by 7 per cent next year, compared to just 1 per cent planned for the current year.

The poll shows that German companies expect net production to fall by 2 per cent during the first and second quarters of the current year.

● Mr Helmut Tietmeyer, Bundesbank vice-president, yesterday voiced anxiety as to whether there was enough political will in Europe to ensure the success of economic and monetary union. He predicted that widely divergent financial policies among EC members could test monetary policy and Emu "to the limit".

Delay of Berlin move urged

By Leslie Colitt in Berlin and Quentin Peel in Bonn

LEADING members of all the main political parties in the German parliament have now called for a reconsideration of the timetable for transferring the government and Bundestag to Berlin.

The most prominent supporter of the transfer to call for a delay has been Mr Willy Brandt, former chancellor and former mayor of Berlin, who last week spelt out his concerns about mounting costs.

Budget spokesmen for the ruling Christian Democrat/Free Democrat coalition government and the Social Democratic opposition in Bonn recently called for the move to be delayed because of financial restraints resulting from the transfer of government funds to east Germany. This year the transfers are expected to approach DM180bn (£63bn).

The government has not yet responded to the calls, except to say that no such delay is under consideration.

Parliament had been expected to begin moving into the Reichstag in Berlin by 1996. The move to Berlin of most major ministries was expected to be completed by 2004.

Mrs Irmgard Schwaetzer, the building minister, has said that construction costs could total up to DM10bn, and some 50,000 people would be transferred to Berlin. But the parliamentary committee responsible has seen no proper estimates.

It now seems clear that the Bundestag will not be in a position to approve a precise transfer plan before the summer break at the end of June – as originally planned. The costing needs to be completed and agreement reached on dividing future government functions between Berlin and Bonn.

Meanwhile, Berlin politicians have expressed anger and bitterness over the proposals.

Mr Peter Radunski, the senior Berlin official responsible for relations with the federal government, replied testily that the move to Berlin was a question of "political will and not financial possibilities". If there was a shortage of funds, the scale and opulence of the official building projects in Berlin should be reduced, he argued.

"Without an economic recovery in Berlin, there will be no economic recovery in the east," he said.

Yugoslavia suffers the prices of war

By Laura Silber in Belgrade

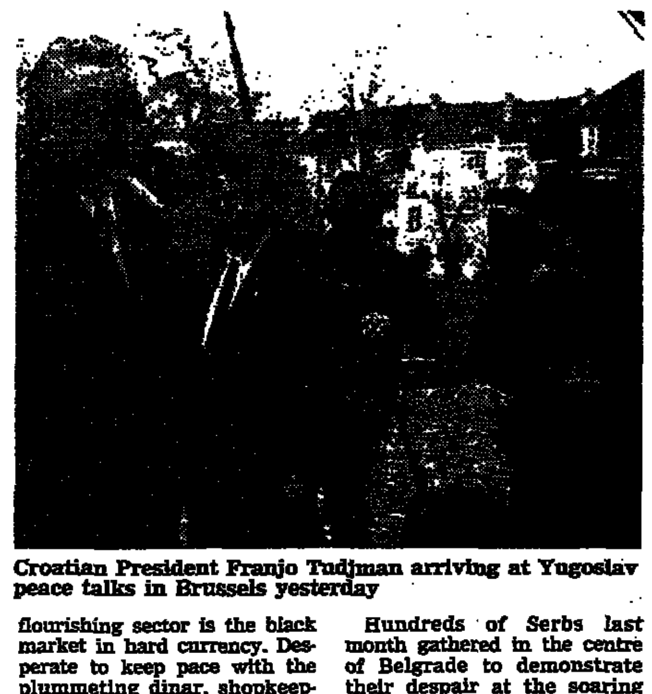
THE inhabitants of Serbia awoke yesterday to the news that their government, under President Slobodan Milosevic, had admitted that inflation could reach an annual rate of 100,000 per cent.

"Our rate of inflation is the highest in the world", declared a bold headline in Politika, the Serbian daily. "It could hit 100,000 per cent by this month."

The soaring rate of inflation is bringing home to Serbs the price of the seven-month war against Croatia. Many factories have stopped production and industrial output has fallen by more than 30 per cent in relation to the already low levels of last year.

While the federal government is still servicing its foreign debt of $16bn (£9.2bn), many economists doubt Yugoslavia will be able to keep up payments. "It is no longer a question of 'if' but 'when' the payments stop," says one diplomat.

"The federal reserves are officially put at $1.95bn (£1.12bn), commercial reserves are at $500m – but these are collateralised. Free reserves are at zero," he said. The only flourishing sector is the black market in hard currency. Desperate to keep pace with the plummeting dinar, shopkeepers change some prices twice a day. A family which just a year ago earned an average monthly wage equal to DM1,000 (£350) has seen their combined income fall to the equivalent of DM100.



Croatian President Franjo Tudjman arriving at Yugoslav peace talks in Brussels yesterday

Hundreds of Serbs last month gathered in the centre of Belgrade to demonstrate their despair at the soaring prices by offering their babies up for adoption to Mr Milosevic. Mrs Maja Vujovic, the mother of 18 month-old Marko, said: "I make 24,000 dinars, a month's supply of Pampers nappies costs more than my salary." The average monthly wage for factory workers amounts to $30 on the black market.

It would take a worker 13 years to buy a no-frills Yugo car manufactured in Serbia. Mr Dragan Stosic, a factory worker, said: "My monthly wage is 16,000 dinars (£20). My head aches from the fear of how I will be able to feed my family of four after I've paid out rent." Farmers have also seen inflation erode the prices they receive for their crops.

Mr Dusko Vasic, a peasant from Pozarevac, the birthplace of Mr Milosevic, says: "From sunrise to sunset, my entire family farms our 10 hectares." Two years ago 100kg of beans sold for £48, but inflation means the price in real terms has fallen to £11.50.

Observers have long predicted that the collapsing economy would touch off a tidal wave of social unrest.

But the government has so far succeeded, in the eyes of most Serbs, in deflecting blame for the economic situation on to Croat leaders and the west.

It has hinted at a programme of economic reform, but last year it was instrumental in undermining the market reforms of Mr Ante Markovic, the former prime minister. Mr Miroljub Labus, an economist, points out: "The Serbian government is busy drawing new borders, claiming that their anti-inflation programme cannot be implemented until the state is clearly defined. . . We should not expect any programme in the next couple of months."

The presidents of the six sparring ex-Yugoslav republics agreed yesterday to work towards restoring trade and infrastructure links in a move that may increase pressure on the EC to remove its sanctions on Serbia, writes David Buchan in Brussels.

***After a low-key session of the EC-sponsored peace conference,* its chairman, Lord Carrington, also hailed as progress the fact that leaders of Bosnia's Moslem, Serb and Croat communities agreed not to renege on their March 18 accord to negotiate a new constitution despite continuing violence.**

For the first time since the conference started last September, republican leaders appear to be taking seriously the need to patch up their collapsing economies.

Paris deal on electronics industry

By William Dawkins in Paris

THE embattled French government has agreed on the details of a much scaled-down version of controversial plans for a restructuring of the state-owned electronics industry.

It is understood that under the revised scheme, the CEA-Industrie nuclear energy and reactor building group would take minority stakes in the loss-making Thomson Consumer Electronics video and audio equipment maker, and in SGS-Thomson, the semiconductor group jointly owned with the Italian state sector.

The original version of the plan, launched last December, envisaged a complete merger between CEA-Industrie and the civil electronics businesses of Thomson.

However, this ran into resistance from CEA-Industrie's management.

This compromise is the result of arbitration by Mr Jean-Claude Trichet, the powerful director of the French Treasury, who was called in to resolve the deadlock.

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Purchasing index lifts hopes of US recovery

By Michael Prowse in Washington

HOPES that the US economy is moving decisively out of recession were lifted yesterday by the second sharp monthly increase in the purchasing managers' index, a closely watched gauge of US industrial conditions.

Led by a surge in new orders, the index rose to 54.1 per cent in March, compared with 52.4 per cent in February and only 47.4 per cent in December and January. A reading above 50 per cent indicates expansion of the manufacturing economy.

Mr Robert Bretz, a senior official at the National Association of Purchasing Managers, said growth of new orders appeared stronger than in last year's aborted economic recovery. He was thus hoping for sustained increases in production.

Proliferating signs of recovery have led to disputes about the timing of the recession's end. Mr Bretz said the index, which hit a low of 40.4 per cent in March last year, indicated the recession probably ended last spring.

In a circular to clients, Mr Robert Brusca, chief economist at Nikko Securities in New York, said the official indices of leading and coincident indicators indicated the recession had persisted until this February.

The purchasing managers' new orders index – a component of the overall index – rose from 57.5 per cent to 62.4 per cent, the highest level since June 1988. The association said this indicated economic growth would continue for at least the next few months.

The component measuring production rose from 58.6 per cent to 60.1 per cent, the highest level since last October. Data on prices pointed to little inflationary pressure in the early stages of recovery.

Caterpillar set to break strike with new hirings

By Barbara Durr in Chicago

CATERPILLAR, the world's largest maker of earth-moving equipment, announced yesterday that it would impose its last contract offer next Monday, five months into a strike at the company by the United Auto Workers union,

The company said it would ask all strikers to return to work on April 6, and would fill the positions of those who do not return by recalling laid-off employees or hiring new replacements.

The use of replacements has been regarded as a potentially explosive tactic and is expected to provoke a severe reaction from the union and its near-11,000 striking members. Union anger is likely to be further stoked by the company's statement that it has discovered, during the strike, that it can operate with fewer employees. Caterpillar officials estimated they would reduce the workforce by some 10-15 per cent.

The company decided to impose its last contract offer after another attempt at negotiations failed last week in St Louis. Next, the UAW complained to the National Labour Relations Board of what it called unfair labour practices at Caterpillar.

If the charges were accepted by the NLRB, the company would be prevented from from hiring permanent replacements for striking union members, though temporary ones would be allowed.

Rio environment summit attacked by activists

By Christina Lamb in Rio de Janeiro

ACTIVIST environmental groups Greenpeace and Friends of the Earth, with the Brazilian Forum of Non-Governmental Organisations, yesterday launched a blistering attack on the stalled negotiations for the UN environment summit, to be held in Rio de Janeiro in June.

They warned yesterday that the meeting might do more harm than good, exacerbating north-south differences.

"Unless there is a dramatic change of course, the Rio conference is heading towards failure of historic proportions," the organisations stated in Rio.

Their document sets out ten points seen as essential "to give the planet the minimum changes of survival." Chief of these is a commitment by President George Bush of the US to reduce carbon-dioxide emissions that contribute to global warming. "Without this, the conference will be a disaster," it warned.

The attack heightens fears over the content of the conference and comes amid renewed worries over the Brazilian organisation of it, following the resignation of President Fernando Collor's entire administration on Monday.

Work on the conference site only began ten days ago because of delays over budget approval. Preparatory committees for the heads of state set to attend estimate that, at best, the Brazilians are two months behind.

Clinton attacks on foreign policy

By Jurek Martin, US Editor, in Washington

MR BILL Clinton, front-runner for the Democratic presidential nomination in the US, yesterday accused President George Bush of "invoking a new world order without enunciating a new American purpose" in external relations."

In a foreign policy address in New York, the governor of Arkansas charged that the Bush administration had brought about "a new birth of isolationism on the left and on the right" of US politics.

He was specifically critical of what he called "an overly cautious approach" to assisting the former Soviet Union.

But his main purpose was to take on the president in Mr Bush's perceived area of strength – management of foreign policy – and to contrast it with his own internationalist prescriptions.

The speech, his first on foreign policy since last December, was also intended to deflect attention from his own bitter contest with Mr Jerry Brown, former governor of California, in the New York, Wisconsin and Kansas Democratic primaries next week. It was delivered the day after Mr Brown had thrashed him in the Vermont party caucuses.

Mr Clinton saw a world shaped by three realities: continuing danger even after the end of the Cold War, with threats from such diverse quarters as ethnic rivalries, terrorism and the proliferation of nuclear weapons; the force of democracy: and the imperative of strong US leadership.

In Europe, "we must maintain our ties to Nato, even as the Europeans play a stronger role both within Nato and in the evolution of future security arrangements for the continent."

He committed himself strongly to the UN and to international financial institutions. The US should pay its arrears to the UN and Japan and Germany should be made permanent members of its Security Council.

An IADB in brighter mood

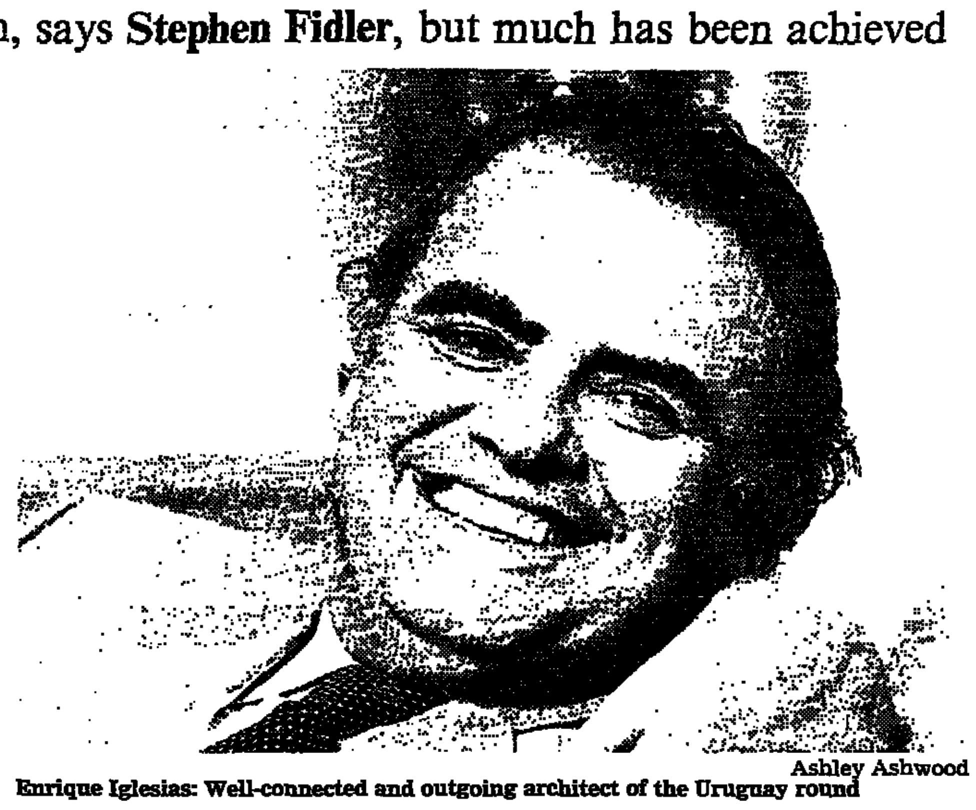
Problems remain, says **Stephen Fidler**, but much has been achieved

LIKE the region it was formed to serve 33 years ago, the Inter-American Development Bank (IADB) languished throughout the 1980s. Now, optimism is high over prospects for the economies of Latin America and over the role which the bank carved out for itself in the 1990s.

Four years ago, the relevance of the institution to Latin America's deep economic problems was being questioned. In 1988, its lending fell below $2bn: a drop in the ocean compared to the billions of dollars being transferred out of the region.

The bank's management and its largest shareholder, the US of the Reagan years, were consistently at loggerheads. It was used by Latin American governments as a way of rewarding faithful servants with sinecures. As a result, it was inefficient and ineffective.

The bank, which is preparing for its annual meeting next week in the Dominican Republic, has not solved all these problems. But it has come a long way.



Ashley Ashwood

Enrique Iglesias: Well-connected and outgoing architect of the Uruguay round

The change dates back three years, to the laboriously negotiated capital increase settled amid much acrimony. This widened the bank's role beyond that of a traditional project-lender, helping the bank's lending nearly to triple.

The bank was put at the centre of President Bush's Enterprise for the Americas initiative, which foresaw increased economic and trade co-operation between North and South America. The initiative was seized upon with enthusiasm (which appeared to bemuse the US) by many Latin American governments, which saw the end of superpower rivalry as necessitating new relationships within the hemisphere.

The man who helped to transform the image of the bank is its president, Mr Enrique Iglesias, a well-connected, outgoing Uruguayan diplomat and architect of the current Uruguay round of multilateral trade negotiations.

Mr Iglesias was not, however, the man to reform the internal administration of the bank, whose staff now totals 1,700. That task fell to his deputy, Mr James Conrow. He was seen initially as Washington's "hard man," but this bluff, bearded American cut a more sympathetic figure while still being effective in restructuring the bank. A large part of that restructuring is complete. Some departments are now under review – the public relations, legal and secretariat sections – and the auditing and control functions are also to be examined.

The bank is again beginning to talk about raising more capital. The increase agreed in 1989 expanded capital from $15.7bn to $26.5bn and allowed for a $22.5bn lending programme in the four years 1990-1993. This has put the IADB on a par with the World Bank in terms of new loans made to the region and may lead the IADB soon surpass it: despite the new ability of some countries to attract private capital, the region's investment needs are huge.

Although not on the formal agenda at next week's meeting, a central element of the discussions over a capital increase will be the question of whether the bank should break with the past and lend directly and without government guarantee to the private sector. Some governments, such as Mexico's, have opposed this in the past, in part because they say that the bank is not equipped to assess commercial risk.

On the other hand, governments such as Chile's worry that, if they hand over large parts of infrastructure development to the private sector, they lose access to IADB capital for infrastructure development. The meeting will assess, however, whether to expand the bank's capacity to make balance of payments, as opposed to project, loans.

The bank has been able to make such sector-loans – meant to encourage reforms in specified sectors of the economy – since the last capital increase. The idea was that about 25 per cent of its lending should be in sectoral loans over 1990-93.

The 1991 figure was 37 per cent of total lending (without significant lending to either Brazil or Argentina), and the bank wants to formalise an increased share for sector-lending. It wants this in part to encourage reform in its smaller member-countries, in which the World Bank has less involvement but to which the IADB must make 35 per cent of its loans. It has also been asked to contribute finance to Brady-style bank debt restructurings, from its sector-lending programme. It is also seeking more autonomy from the World Bank in this area.

The bank also sees itself as increasing its role in the alleviation of poverty and in the socalled social-investment sectors such as health and education that have been badly neglected in many countries through the austerity of the 1980s.

Mr Conrow says he reckons the bank "is very far along the renewal process." He believes that, by the time of the bank's 1993 meeting, a consensus should be emerging for a capital increase. After all, member governments only pay in 2¼ per cent and the rest is callable, the bank raising the money from the capital markets. However, he would like to see consideration of an expansion of the bank's concessional loans through its co-called Fund for Special Operations. This fund stands at $1.8bn, which allows only $200m of new lending every year.

Li Peng openly criticised in unprecedented battle over economic reform at National People's Congress

Hardline premier losing ground in Beijing power struggle

By Yvonne Preston in Beijing

LI PENG, the Chinese premier and the man most closely associated with the Tiananmen Square massacre of 1989, is losing ground in an intensifying power struggle between communist party reformers and hardliners.

Li's insistence that the country's growth rate be held to 6 per cent this year has been openly criticised in a session of the Chinese parliament, now meeting in Beijing.

Such criticism is unprecedented for the National People's Congress, whose 3,000 delegates traditionally rubber-stamp government decisions without question.

An NPC deputy, quoted this week by the official Xinhua news agency, compared the proposed growth rate with last year's figure of 7 per cent, and said it was out of tune with the "spirit of speeding up economic development".

A campaign to accelerate China's economic restructuring with an infusion of capitalism was launched by Deng Xiaoping in booming Shenzhen on the Hong Kong border in January.

The 87-year-old patriarch, no stranger to power struggles with Maoist ideologues, criticised by name a number of Li's hardline backers who have dominated the political scene since the military crackdown in Beijing.

Deng's message, blocked by opponents of capitalist-style changes, was kept out of the leftist-controlled national media until this week when it was splashed over front pages with full colour pictures of Deng himself.

Lengthy extracts were read on national television and the news carried footage of Deng in Shenzhen accompanied by one of his daughters.

The media blitz brings Mr Deng's views to the Chinese population for the first time and marks a turning point in his campaign to outwit his conservative opponents and a setback for the increasingly isolated Li and his ageing backers, led by Chen Yun, 86.

Sensing a shift in the political wind, Li has tried to present himself to the NPC as a reformer. In his government report to the congress he backed shareholding and reiterated Deng's calls to "emancipate our minds in reform and opening to the outside world and absorb what has proved effective in capitalist countries".

But he pointedly failed to condemn the leftism which has caused China so much suffering in the past, and to assert, with Deng, that the greatest danger to China came from the conservative Marxists rather than rightists favouring market economics and democracy.

The pro-Beijing Hong Kong newspaper Ta Kung Pao reported NPC delegates complaining of "something inadequate" in Li's government work report because of its failure to address the need for vigilance against leftism.

Ta Kung Pao and reports in Beijing said yesterday the secretariat of the NPC had added to Li's report a reference to the greater threat being from the left. It said the words "Eliminate all interference, be vigilant against the right but especially guard against the left" were inserted.

Articles are beginning to appear in the Chinese media obliquely aimed at the prime minister. "Maybe by ousting one person we can set a new course," said the Economic Daily.

Because of his close association with the order to fire on demonstrators in June 1989, Li is extremely unpopular, and said to be seen by Deng as unimaginative and mediocre. His five-year tenure of office ends this year. His future grows more uncertain as the pro-reform forces gather strength in the run-up to the crucial 14th party congress later this year.

If Mr Li falls, Zhao Ziyang, the part boss sacked after the Tiananmen crackdown, could be rehabilitated. His economic policies are now moving back into the ascendant.

Li Peng: highly unpopular and seen by Deng as unimaginative and mediocre

UN force deployed in Cambodia

By Victor Mallet in Phnom Penh

THE United Nations yesterday strengthened efforts to bring order to Cambodia, sending Indonesian soldiers to monitor a ceasefire in the centre of the country and announcing plans to deploy a further 4,000 peacekeeping troops and police in the next few weeks.

The announcements by Mr Yasushi Akashi, head of the UN Transitional Authority in Cambodia, and Lt Gen John Sanderson, the commander of UN forces, were welcomed by diplomats and aid workers.

Fighting since January around Kompong Thom in central Cambodia between leftist Khmer Rouge guerrillas and the Vietnamese-installed Cambodian government had raised fears for the future of the peace accord signed in Paris last year, and for the programme to repatriate 375,000 refugees from Thailand.

A meeting yesterday of the Supreme National Council, a body which brings together leaders of the main Cambodian factions agreed that returning refugees would not be prosecuted.

Officials of the UN High Commission for Refugees, meanwhile, said they would be allowed to visit Khmer Rouge-controlled territory in Battambang province for the first time next week to look for suitable land for returnees.

Seoul to leave workers in Libya

By Andrew Taylor in Seoul

SOUTH KOREA said yesterday that it had no plans to repatriate any of the 5,000 Korean construction workers who risk being stranded in Libya by a United Nations embargo on air travel.

Government officials said that Korean companies would continue working in Libya, where the Korean contractors are estimated to be owed almost \$6bn (£3.4bn) for work already completed. At least four large South Korean groups – Dong-Ah, Daewoo, Hyundai and Samsung – are currently working on projects in the country.

Korean companies working in Libya also employ close to 10,000 third-country nationals, many from Thailand and the Philippines.

The Korean government has been working on contingency plans to prevent Korean and third country citizens from being stranded. These would involve moving workers overland to Tunisia where they would be put on chartered flights.

Mr Ho Seung, assistant foreign minister, said: "South Korea has requested help from Tunisia through diplomatic channels on flight re-routing and it has promised full support." Korean Air currently flies from Seoul to Tripoli via Bahrain and Jeddah. The last flight is due to leave Seoul on April 13 just before the UN air embargo takes effect on April 15.

Construction companies working in Libya regularly rotate their workers as different tasks are completed and fresh skills are required.

South Korean companies have been very successful at winning contracts in the Middle East where they have been able to offer low prices on the back of cheap labour from Asia. Initially workers were brought from Korea. More recently labour has been come from other countries.

Arab League opposes sanctions

By Tony Walker in Cairo

THE ARAB League warned yesterday of dangerous consequences of the United Nations' imposition of sanctions against Libya, but reaction among most Arab states was relatively restrained.

In Cairo, home of the Arab League, officials were describing the resolution as hasty and ill-conceived, and they doubted that it would force Libya to yield two men suspected of the 1988 bombing of a US airliner over Scotland.

The league called on the international community to intensify the search for compromise "in order to avoid the dangerous consequences of this resolution." League officials said they would continue working behind the scenes in an effort to defuse the crisis, but they were not optimistic.

Iraq, Lebanon and the Palestine Liberation Organisation derided Security Council resolution 748 as another example of "double standards", comparing it unfavourably with the west's perceived failure to exert similar pressure on Israel to vacate Arab land.

The sanctions oblige all UN member states to bar flights to or from Libya, prohibit arms deals with the North African state and significantly reduce the staff of Libyan missions.

Libya has been given until April 15 to yield the two men accused of the Pan Am bombing in which 270 died. It is also being asked to hand over four of its nationals to France for questioning in connection with the 1989 downing of a French UTA airliner over Niger in which all 171 passengers and crew perished.

A Libyan foreign ministry statement accused the US, Britain and France of conducting a "crusader war against Arabs and Moslems" by depriving them of their weapons.

Arab states have not said openly whether they will comply with the terms of the UN resolution, but Egypt, which has been leading the search for compromise, has indicated that it will probably fall into line.

HK government forced to back down over taxes

By Simon Holberton in Hong Kong

THE Hong Kong government was yesterday forced to cut taxes for middle and lower income groups in next year's budget after a constitutional crisis had been threatened.

A chastened Mr Hamish MacLeod, the colony's financial secretary, told Hong Kong's legislature that if it passed his 1992 budget, he would increase personal allowances and review personal tax bands in time for implementation next year.

The Legislative Council voted 36-18 in favour of Mr MacLeod's budget. But the vote indicated the desire of conservative members not to plunge the administration into crisis rather than an endorsement of the budget as such.

The fight over the budget is more than about who controls the purse strings in Hong Kong. Members of the Legislative Council, especially those who were elected last September rather than appointed, believe they possess a popular mandate and are demanding more say in policy making.

After the vote both elected and appointed council members vowed to keep up pressure and said they would vote against a budget proposal to raise property rates.

Current account deficit falls sharply in Australia

By Kevin Brown in Sydney

AUSTRALIA'S current account deficit for the year to June is likely to undershoot the budget estimate of A\$14bn (£6.1bn) following improvement in the last three months.

The seasonally adjusted deficit fell to A\$667m in February, from a revised A\$904m in January and A\$767m in December, the government statistical service said. The deficit in November was A\$1.6bn.

The seasonally adjusted deficit for the first eight months of the year was A\$7.45bn, suggesting the full year result may be less than A\$12bn, compared with A\$15.7bn last year.

In headline terms, the deficit for the first eight months was A\$8bn, an improvement of 34 per cent on the same period last year. Merchandise exports increased by 7 per cent over the period, while merchandise imports fell by 1 per cent.

Most private economists said the series of good results removed much of the risk that the end of Australia's 18-month recession would lead to a surge of imports and a renewed current account crisis. But some felt the improvement would be short-lived if the economy grows by 4.75 per cent in 1992-93, as forecast in a government economic statement in February.

EC boosts food aid for 60m facing famine

THE EUROPEAN Commission yesterday proposed a Ecu220m (£157m) increase this year in emergency food aid to 60m people threatened by famine, writes David Buchan in Brussels.

Mr Manuel Marin, aid commissioner, said famine could have disastrous political consequences. It could destabilise newly democratic governments in Zambia, Angola, Namibia, El Salvador, while rocking stability of countries like Zimbabwe and Lesotho which were traditionally self-sufficient in food.

- Zimbabwe yesterday announced nationwide electricity cuts of up to 10 hours, which it blamed on the worst drought this century, AP adds from Harare.

SA unions and business unite

South African business and labour groupings have agreed to form an Economic Forum, boosting prospects for consensus on future economic policy, writes Philip Gawith in Johannesburg.

Mr Derek Keys, trade and industry minister, has said that without policy consensus between the state, business and labour, above average economic growth cannot be achieved.

Israel's Labour doves dominate

Leaders of the "dovish" wing of Israel's opposition Labour party yesterday dominated a poll to rank its candidates for the June 23 general election, sharpening the battle lines with the hardline Likud party on Israel's stance in the Middle East peace process, writes Hugh Carnegy in Jerusalem.

Mr Shimon Peres, mentor of those in Labour who advocate a more open commitment to negotiations, easily won second place after Mr Yitzhak Rabin, who unseated him as leader in February. Supporters of Mr Peres and leftwingers took half the top 12 slots.

The results indicated that Labour members opted for Mr Rabin as leader because they believed he had the greatest chance of leading the party to victory, rather than because they accepted his more cautious approach to peace talks.

Rafsanjani bars opponents

A review body dominated by Iranian President Hashemi Rafsanjani has disqualified a third of the candidates in the April 10 parliamentary elections, AP reports from Nicosia.

Many of the 1,100 rejected candidates are radical opponents of Mr Rafsanjani's policies. The radicals complained repeatedly over the past week that their candidates were deliberately disbarred.

Kashmir leaders oppose elections

Kashmiri nationalist leaders released from detention yesterday immediately rejected elections in India's northern state and joined hands with militant separatist groups in calling for self-determination, writes David Housego in Srinagar.

The five were freed in an effort to revive political activity in the state as a prelude to elections.

The opposition leaders criticised the use of force to crush Kashmiri demands for self-determination. They said thousands of Kashmiris, including women and children, had been killed over the last three years by Indian security forces.

Algeria struggles to find new direction

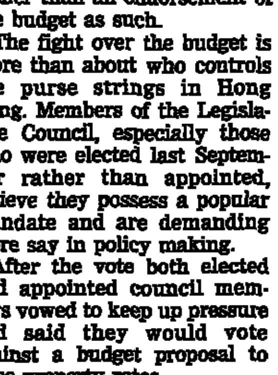
Despite the freeing of prisoners and prices, clear policies have yet to emerge, writes **Francis Ghilès**

NEARLY THREE months after the cancellation of Algeria's first multi-party general election, the country's leaders continue to fly by the seat of their pants, and without much sense of direction.

This week has seen the freeing of 400 fundamentalist supporters, including the deputy spokesman of the banned Islamic Salvation Front (FIS), Mr Rabah Khebir. However, more than 6,300 still languish in harsh desert camps, and the government has this week dissolved nearly half the 450 town councils won by the FIS in June 1990.

Algeria's leaders have also announced the freeing of all prices except those of semolina, flour, milk and bread. This will bring about a big cut in overall price subsidies.

This follows the unveiling last month of a plan for economic recovery. However, few outside the country are aware of its contents, let alone its philosophy. Those who have read the document say it lacks substance.



Ghozali: stiff challenge

The government has restored law and order, but continuing assassinations of security and judiciary personnel suggests that calm may not prevail. Last month, the clandestine FIS leadership vowed to fight until an election was held.

They described the seven members of the High Executive Council as a "handful of despots". The council is chaired by Mr Sid Ahmed Ghozali, the prime minister, but General Khaled Nezzar, the defence minister, is regarded as the key member. The council seized power after Mr Chadli Bendjedid was forced out as head of state on January 11.

Between 1965 and 1979, Mr Ghozali did a remarkable job of building the national oil company, Sonatrach. Today he seems to some to be a prisoner of his managerial past.

The freeing of prices suggests he may have concluded that a bold policy aimed at restructuring and probably privatising some of the many inefficient state companies is unavoidable.

The next few weeks will tell whether Mr Ghozali can rise to a stiff challenge. Many Algerians and not a few foreign partners of Algeria are disenchanted with the prime minister. Their feelings appear to be shared by the 73-year-old Mr Mohamed Boudiaf, brought back in January from 28 years' exile to chair the ruling council.

It is unlikely that Algerians will trust any leader until the more blatant cases of corruption and self-enrichment are dealt with. Trials may be a risky way of going about rebuilding confidence, if only because so many senior Algerians, civilian and military, have helped themselves. Yet alongside clearly enunciated reforms, some shock therapy appears unavoidable. Whether senior army officers would allow it must, however, be in doubt.

Algeria's room for external financial manoeuvre remains limited but support has been forthcoming from western countries, most notably Italy and Japan, and recently France. Commercial arrears have declined dramatically.

But while the government has promoted a more liberal oil exploration and production policy, which is tempting some international oil companies to invest, it continues to block some of the bold reforms unveiled in 1989 by Mr Mouloud Hamrouche, the former prime minister, whose aim was to liberalise imports of sugar, coffee and dairy products. Algeria pays at least \$1bn a year for such commodities, about a fifth more than necessary, because of entrenched interests.

S Korean construction companies see orders double

By Andrew Taylor in Seoul

OVERSEAS orders won by South Korean construction companies more than doubled during the first three months of this year compared with the corresponding period last year.

The companies were aided by a very large contract in Singapore. Construction investment is rising sharply throughout Asia as countries take advantage of their growing economic strength to improve infrastructure particularly in transport and water.

As a result the region is one of the fastest growing construction markets in the world. South Korean construction companies along with the Japanese provide some of the largest construction companies in Asia.

Figures published yesterday by the Overseas Construction Association of Korea revealed that South Korean contractors won 16 major international contracts worth more than $870m (£500m) during the first three months of this year. The value of the work was more than double that won during the corresponding period last year. Almost 90 per cent of the work by value was won in Asia.

The largest single contract worth $622m was for an urban development project in Singapore won by Hyundai and Ssangyong construction companies, said the association. Daelim Engineering also won a hydro electric project in Pakistan worth $98m.

The association said that South Korean companies expected shortly to win other large overseas contracts in Asia.

South Korean construction companies which have been strong international competitors, notably in the Middle East, have traditionally earned much of their sales overseas.

More recently companies have been concentrating efforts on the domestic market where construction output, as in other Asian countries, has risen sharply in recent years. Cement sales, a good indicator of construction activity, rose by 20 per cent in South Korea last year to 44m tonnes, equivalent to 1.02m tonnes for each of the country's 43m population – the highest cement sales per capita in the world, according to the Korea Cement Industrial Association.

Airbus subsidy accord awaits final hurdle of ratification

By Paul Betts and Andrew Hill

IT was perhaps appropriate that the European Commission and the US should resolve their six-year-old dispute over government subsidies for Airbus on April Fool's Day.

Until the last minute, few in the aerospace industry believed the two sides would reach a compromise.

The issue has provoked intense and regular trade frictions between the Europe and the EC since 1986, spilling over into the US election campaign this year and casting a dark cloud over the broader trade liberalisation negotiations under the aegis of the General Agreement on Tariffs and Trade (Gatt).

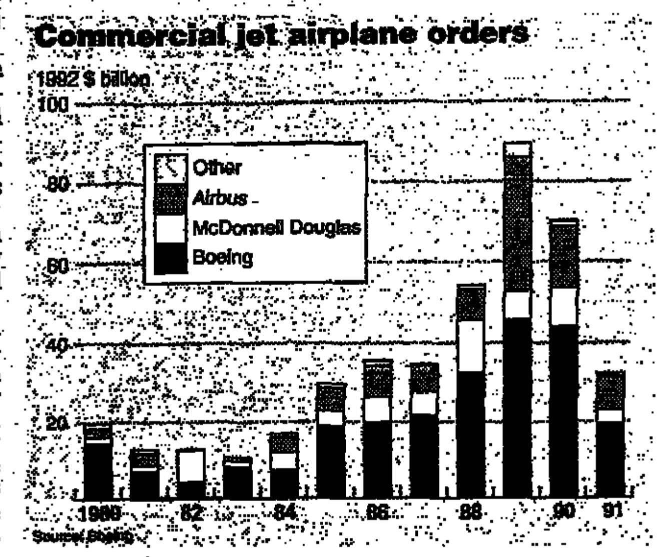
But the pact reached in Brussels yesterday is unlikely to be the end of the story. It still has to be ratified by the US government and the 12 individual EC governments.

"The Europe versus US issue will remain pretty active for the balance of this year and in the years ahead inspite of the agreement," said Sir Barry Duxbury, director of the Society of British Aerospace Companies, the UK industry's trade organisation.

But both the European Airbus consortium and its two US rivals, Boeing and McDonnell Douglas, acknowledged that the last-minute compromise "looks like good progress".

The US had set a deadline of March 31 for an agreement threatening to take the Airbus subsidy issue before the Gatt subsidies panel, or worse still to take unilateral action against Airbus by imposing contravening duties on Airbus airliners which are sold in the US market.

That in turn would have led to retaliatory action on the part of the EC against US aircraft sales in Europe. "It would have been a no win situation," an Airbus official said.



"If a compromise is not found, we will both be losers," Mr Jean Pierson, the Airbus managing director, warned a few months ago.

The new bilateral agreement will cover all new civil airliners over 100 seats but government subsidies granted by both sides before the agreement will not be affected.

This reflects the fact that Airbus has now reached maturity, having captured more than 20 per cent of the world market and having developed a complete family of aircraft to compete against the traditional dominance of the market by the US manufacturers.

Without government support, Airbus would never have got off the ground. As Mr Pierson has often argued: "Airbus stands today as the only recourse against a monopoly of the civil aerospace industry by US manufacturers."

But the US manufacturers, worried by the growing inroads of the European group in their home market, felt Airbus could now stand on its own feet.

In turn, the EC and Airbus complained the US manufacturers had benefited from indirect subsidies from military programmes and other US government agencies.

Each side claimed that the other had received in direct or indirect subsidies at least $25bn during the last 15 years.

Tentative agreement has now been reached on the following issues:

- Direct subsidies: Direct grants for aircraft production will be banned and direct subsidies for new aircraft programmes will be limited to about 30 per cent of total development costs. Conditions will be imposed on the timing of repayments because the US was worried of the risk of manufacturers not repaying subsidies at the end of a development programme.
- Indirect subsidies: The level of indirect grants is expected to be limited to less than 5 per cent of a manufacturer's civil aircraft turnover. EC and Airbus officials claimed this was the first implicit admission by the US that its civil aircraft industry benefited from defence and space research subsidies.
- Transparency: The two sides will meet twice a year for consultations and will be expected to keep each other informed about current and future projects and the level of government support attached to these programmes.
- Inducements: New rules will include a ban on governments putting pressure on third countries to buy aircraft.
- Suspension of restrictions: Both sides can ask for suspension of part of the agreement if a manufacturer's business is badly hit by "external" political and economic factors.
- Trade disputes: Both sides have agreed not to initiate any new unilateral trade action against the other over aircraft subsidies.

The new bilateral agreement will find its first applications with the current proposals of the three manufacturers to launch programmes to develop new ultra large 600-800 seat airliners as well as some less ambitious programmes for smaller airliners.

These include the proposed Airbus 120-seater A319 aircraft, an eventual replacement for the Boeing 737 narrowbody twinjet and McDonnell Douglas' plans for a new medium sized airliner the MDXX. McDonnell Douglas is also hoping to launch later this year its MD-12 400-600 seater airliner programme with Asian partners.

Disputes seem almost certain to continue on the extent to which military research grants are of direct benefit to commercial aircraft development; on transparency of aircraft financing with the EC arguing in the past that too much transparency risked releasing commercially sensitive information; and especially on government inducements and other practices to win new aircraft sales.

But the two sides, at least, managed to avoid an all out trade war.

Jean Pierson of Airbus: warned that EC and US would be the losers without accord

Hong Kong airport costs increase 13.8% in real terms

By Simon Holberton in Hong Kong

THE estimated cost of Hong Kong's new airport and associated infrastructure projects has risen by 13.8 per cent in real terms in less than a year, the Hong Kong government said last night.

The airport, which last July was estimated to cost HK$96.8bn (£7.2bn), will now cost an estimated HK$112.2bn in March 1991 prices – the best attempt by the government to quantify the cost of the entire project. In today's money the value equates to about HK$122bn.

Mr Hamish MacLeod, the colony's financial secretary, said the HK$15.4bn overshoot would not, however, be borne by the Hong Kong taxpayer - the government's share has remained at HK$59.3bn, implying a fall in real terms - but will be paid for by private developers and their lenders.

"We are confident that the project costs will be kept under control," he said. "We have put in place a specially designed project management and cash-limiting cost-control system, and we are also using fixed price lump sum contracts as far as possible."

The new estimates were given to Beijing midway through last month. Under the terms of the airport agreement Britain and China signed last September, the Chinese government's approval is needed because the project will extend beyond June 1997, when China resumes sovereignty over Hong Kong.

A speedy approval by the Chinese is being sought by the government so that it can get on with letting contracts for the airport and airport railway. China's approval is not thought necessary for the construction of the Tsing Ma bridge.

Early indications are that the Chinese want more details on the funding of the project; there are some suggestions that they are concerned about the cost of the airport railway, although the government is confident it can allay those concerns.

The railway is the main reason for the cost overrun. The plan calls for a high speed railway link between the airport – situated on the island of Chek Lap Kok, north of Lantau Island – and the central district of Hong Kong.

The railway was estimated to cost HK$12.5bn. This estimate has been raised to HK$22.1bn to take account of station modification, a change in the location of a depot and the provision of deeper tunnels and foundations on reclaimed land.

The Mass Transit Railway Corporation will bear responsibility for the increased costs – the government has in fact cut its proposed equity injection by HK$800m to HK$3bn – but it is confident that it will be able to finance the rail link.

The government has vested in the MTRC an unprecedented 60 hectares of land, around the proposed rail tracks and above stations, for redevelopment. If the MTRC follows past practice it will develop the land in conjunction with a property company which will bear the cost of the land's purchase and share the profits post development.

The MTRC has briefed international banks and credit rating agencies about the project.

Thais order 6 Boeing aircraft worth $820m

THAI Airways has ordered four additional General Electric-powered Boeing 747-400 jumbo jets and two more Rolls-Royce-powered Boeing 777s worth a total of more than $820m including spares, the US aircraft manufacturer announced yesterday, writes Paul Betts, Aerospace Correspondent.

The new 747-400 orders boost Thai's total order for the four-engine jumbo to 12 aircraft.

Japan lifts quotas on US orange juice

JAPAN lifted its long-standing quotas on orange juice imports yesterday, and Florida citrus officials were on hand to extend their congratulations – and sales pitches, AP reports from Tokyo.

Japan abolished the quotas under a 1988 trade agreement with the US, opening the way for free competition in a fast-growing market that Florida officials estimate will be worth $1bn by the year 2000.

Japan already is the largest importer of US agricultural products. American orange juice, most of which comes from Florida, now accounts for about one-fourth of the Japanese import market, with lower-priced Brazilian juice accounting for most of the rest.

But Florida citrus officials say the quality of Florida juice is higher, and this will help them capture a greater share of the market.

Florida juice is in a better position to compete on the basis of quality rather than price because of a growing preference in Japan for premium 100 per cent juice.

Delors may intervene over trade talks

By David Gardner in Brussels

MR Jacques Delors, president of the European Commission, is expected to try to break the impasse in the Uruguay Round trade liberalisation negotiations in talks with President George Bush later this month.

This emerged as a senior EC negotiator, Mr Hugo Paemen, called for "last, ultimate efforts" to get a political breakthrough in the Round before the Easter deadline set by Mr Arthur Dunkel, director general of the General Agreement on Tariffs and Trade (Gatt).

Mr Paemen said a political agreement would have to resolve the main differences over agriculture, services and market access, and that detailed "implementing work" could be done in the following two months.

Commission officials said Mr Delors was likely to try to get a mandate on the Uruguay Round from EC heads of government, before meeting Mr Bush on April 22, along with Mr Aníbal Cavaco Silva, prime minister of Portugal, which currently holds the EC's rotating presidency.

This meeting is one of the twice-yearly EC-US summits, but is now set to be the last chance for a Gatt breakthrough if none occurs by the April 19 deadline.

It also emerged yesterday that EC-US negotiators may be making some headway on the farm subsidy row, which, along with US reluctance to open up parts of its service industries, is the main obstacle to a deal. In particular, there are signs of movement on the so-called "green box" issue – whether Washington will consent to allowing payments Brussels wants to make to farmers, in compensation for big price cuts, to be considered as non-trade distorting.

The US is understood to be considering a "blue box," whereby these payments would be unchallenged for six years, provided they then became degressive and the EC provided a framework ensuring they constrained rather than promoted production.

There is so far no sign the US is prepared to meet EC objections to Gatt's formula to cut the volume of subsidised exports, in addition to the subsidies. The chances of the EC accepting some volume constraint depend, some officials now believe, on the US agreeing to a partial freeze on its cheap grain substitutes coming into the Community.

See feature: miracle wanted

ABB wins $305m Indian power deal

By Andrew Baxter

ASEA BROWN BOVERI, the Swiss-Swedish engineering group, has won a $305m contract to supply equipment for a 650MW combined cycle power plant to be built in India by a consortium involving Japan's Marubeni and Kawasaki Heavy Industries. The deal illustrates the growing trend for partnerships between western power equipment suppliers and Japanese companies to exploit fast-expanding Asian demand for power generating capacity.

The contract, for a project at Gandhar due to come on stream in 1995, also illustrates importance of local manufacturing content for western suppliers in competitive markets.

ABB in Germany will be the main supplier, together with ABB India, of three GT 13E gas turbines and accompanying steam generator and associated equipment. Marubeni will supply waste recovery boilers.

The project is funded by Overseas Export Co-operation Finance (OECF), the Japanese export credit agency.

Brussels warns US over suits against EC steelmakers

By David Buchan in Brussels

BRUSSELS yesterday warned the US not to use the end of its quantitative curbs on steel imports to launch anti-dumping and subsidy suits against EC steelmakers.

Such action would endanger remaining hopes for the EC, the US and more than 20 other steel-producing countries to conclude a Multilateral Steel Agreement (MSA), disciplining world trade in this commodity. The planned deadline for an MSA – to replace the expiring "voluntary restraint agreements" (VRAs) on steel exports to the US – ran out on Tuesday, but negotiators have agreed to meet again.

Dumping actions had been used by the US in the past to "bomb" countries into agreeing to VRAs, an EC official said. The dollar's weakness against European currencies has put "a number of EC steel exporters, particularly those selling into the American market on long-term contracts, in a situation of technical dumping" (selling abroad more cheaply than at home), the official said.

But US companies would have great difficulty proving they had been injured by imports from the EC, which had fallen back to 5-6m tonnes a year from their 1989 peak of 7m tonnes, rather than slump in the US, he said. The EC had so cracked down on state aid to European steelmakers that American anti-subsidy action, in the form of countervailing duties, might only succeed in the case of a very few Spanish and Italian companies. For this reason, Italy is the only EC country to say it would prefer the US to continue VRAs on steel imports, if the alternative is to let the Washington trade lawyers loose.

By the time the MSA talks ended on Tuesday, EC officials say negotiators had agreed on zero tariffs and on a long list of forbidden non-tariff barriers, with the exception of public procurement restrictions which the US refused to waive.

Negotiators had also agreed, in principle, to permit state aid to steel companies for R & D, environment, and plant closure purposes. But the US refused to exempt such aids from possible anti-subsidy action under its national trade law.

Voluntary restraint may give way to Steel Wars

By Nancy Dunne in Washington

THE stalled effort to negotiate a Multilateral Steel Arrangement (MSA), phasing out subsidies and market barriers among leading steel exporting nations, may stand as one more failure of free market idealists who at the end of the 20th century tried to build a world without trade distortions.

Mr Bert Delano, a spokesman for the US specialty steel industry, sees the effort to get other nations to give up their regional aids, environmental subsidies, assistance to redundant workers and the rest as "naive".

It is the view of others at the bargaining table in Geneva that the US, which launched the talks, stood as the principal obstacle to agreement by refusing to amend its anti-dumping and countervailing duty laws.

Not surprisingly, Mr Delano sees the failure of the talks as all the fault of "foreigners" who understood that the US "badly" wanted an MSA and used the opportunity to try to "gut" US trade laws. With the expiration of the Voluntary Restraint Agreements (VRAs) on Tuesday night, these laws may be given full rein.

"Every part of the industry has kept cases in some state of readiness as an insurance policy against the failure of the multilateral talks," said one Washington trade lawyer. These cases are could be filed in chunks – product by product – against several countries at once.

Although the industry has from time to time threatened to unload a lorry-load of cases before the doors of the Commerce Department, decisions to file have yet to be made. There is lingering hope that the Bush administration will succumb to election year pressure and change its mind about renewing the "voluntary" restrains. Alternatively, the US industry might settle for de facto VRAs if foreign governments – particularly the EC, Japan and Korea – unilaterally decide to continue to restrain their US exports.

The "fair trade" option is not without risks for the US industry. Each case can cost $50,000-$100,000 to file, and victory cannot be assured. Small exporters may be deleted from a trade case by the Commerce Department because their market share is inconsequential. They may then feel in the clear to expand their sales in the US.

The massive filings which frightened the EC into negotiating VRAs in 1982 resulted in losses in more than half the cases. That is because US anti-dumping and subsidy laws – although skewed towards the domestic producers – are still more fair than many other nations' because they require a finding by an independent International Trade Commission that an industry has suffered damage (or will do so in the future) from imports.

The whole process is "costly, time consuming and you have to be practically dead before you can win something," said Mr Delano, sadly.

The VRAs, imposed globally in 1984, were designed to limit US steel imports to 18-21 per cent. Many countries did not even fill their quotas. But others, such as stainless steel rod, have lost more than 40 per cent of the domestic market. One tactic in demonstrating injury will be to compare imports to the US with other countries, whose governments found injury with much lower levels of market penetration.

The 36 nations negotiating an MSA agreed to continue the effort, but the outlook for its success is dim unless there is accord in the Uruguay Round over subsidies and anti-dumping. It was agreed among a small group of nations which met on Tuesday after the MSA talks broke off that bilateral and multilateral efforts would continue; the EC particularly did not want the negotiation to be seen as breaking up.

The US is likely to continue to talk, said one source close to the negotiations, because "you have two people at USTR and that is their only job. The only thing that will stop them is lack of travel funds."

Steel importers and exporters

Exporters	1989 Value ($bn)	Importers	1989 Value ($bn)
1 Japan	14.8	1 United States	11.4
2 Germany, Fed.Rep.	14.8	2 Germany, Fed. Rep.	10.7
3 Belgium-Luxembourg	8.7	3 France	6.8
4 France	8.5	4 Italy	6.7
5 USSR	5.4	5 China	5.8
6 Italy	5.3	6 USSR*	5.3
7 United Kingdom	4.7	7 Japan	5.0
8 Brazil	4.1	8 United Kingdom	4.6
9 South Korea	3.6	9 Netherlands	3.4
10 Sweden	3.4	10 Belgium-Luxembourg	3.4
11 United States	3.7	11 Taiwan	3.3
12 Netherlands	3.0	12 South Korea	3.2
13 Austria	2.5	13 Canada*	2.3
14 Spain	2.4	14 Spain	2.2
15 Canada	2.3	15 Switzerland	1.9
TOTAL	87.2		

*Imports f.o.b.

ELECTION 1992

Kinnock and Major battle to top agenda

By Ralph Atkins

MR NEIL Kinnock and Mr John Major battled yesterday to raise their strongest issues to the top of the election agenda, with Labour promising to freeze prescription charges and the Tories trumpeting their commitment to strong defences.

Buoyed by Labour's lead in the opinion polls published yesterday morning, Mr Kinnock complained about the impact of government health policies on patients' pockets and said: "Putting a price barrier in the way of prevention today simply adds to the cost of cure tomorrow."

Mr Robin Cook, shadow health secretary, said the 10 per cent increase in prescription charges that came into force yesterday would be reversed if Labour came to power and so "cut back the cost of being sick". He pledged also to restore free eye and dental checks.

"Under Labour, prescription charges were only 20p but in their time in office the Conservatives have multiplied that rate by 18 times to £3.75. At that rate a fourth Tory term would see prescription charges hit £11.90 by 1997," he said.

The Liberal Democrats also underlined their commitment to public services, detailing how they would improve the National Health Service and raise spending on education.

Mr Major claimed that defence was "an issue of the greatest importance when opposition policies pose a threat to the security of our country". At a press conference peppered with attacks on Labour's past shifts on defence policy, the prime minister said he would "always maintain strong defences for Britain". He added: "The Labour Party would not. They would cut our defences to the bone, to the marrow."

Tory strategists have made a central part of their strategy to win back voters what they see as the contrasts between the proven leadership qualities of Mr Major and policy "U-turns" by Labour.

Mr Major boasted of the support the UK had given to the former Soviet Union. "We must do everything we can do to shore up the peace and stability of the republics of the former Soviet Union. But we must never drop our guard. New conflicts can break out as quickly as forest fires," he said.

Mr Douglas Hurd, foreign secretary, said: "The cold war was not won by chance. History will show that a decisive moment was the West's determination to deploy Cruise missiles.

"If the Labour party and Greenham ladies had prevailed in Britain, no other European country would have deployed them. The Atlantic alliance might have uncoupled and the Red Flag might still be flying over the Kremlin."

Tories try to land floating voters

By Alison Smith

AN APPEAL to the uncommitted to "come and join us" came yesterday from Mr John Major as he led the Tories' attempt to win over floating voters in the final week of the campaign.

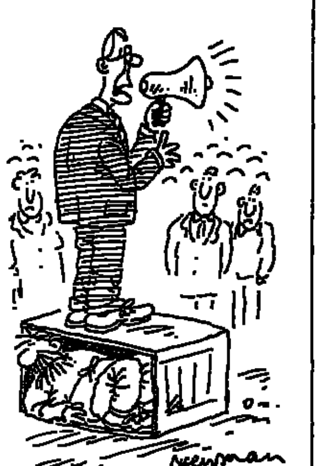
The Tories believe that there are some 10m people who have not yet decided how to vote – a larger proportion of the electorate than is usual this close to polling day.

In a speech at a rally near Bath, Mr Major said: "This is no time to be a 'don't know'. This is a time to fight for a positive future for our country."

He spelt out his aims for a Britain in which people had the incentive to work harder and create resources for better public services, and urged those who shared that vision to talk to people who were still uncertain. "None of us can afford to stay on the sidelines. What is at stake is the future of Britain. From such a contest no one can stand aside."

The Tories' last mass poster campaign of the election is also intended to appeal to waverers. It features Mr Major with a group of schoolchildren under the slogan "The Best Future For Britain".

Beyond presenting the positive Tory vision, however, Mr Major also sounded a sombre warning about what a Labour government would mean and reinforced the Tory message that Mr Neil Kinnock is inconsistent. He highlighted the stark choice between the Conservatives and the other parties on devolution, defence and Britain's role in Europe. In particular, he underlined the effect of devolution and of a federal Europe in diminishing the powers of the Westminster parliament. As for Mr Kinnock, the Labour leader was, he said, "the chameleon of politics, consistent only in his inconsistency".



"We're doing everything we can for the homeless"

Ashley Ashwood
Mute point: Robin Cook (left) and Jack Cunningham at Labour's press conference on health yesterday when the party pledged to scrap the 10 per cent rise in prescription charges

THE ISSUES: EDUCATION

Ballot will mark parties' sums

AFTER taxes and health, the future of Britain's schools and colleges is the highest-profile issue of the campaign.

The Liberal Democrats took the initiative early on, hammering away at their commitment to raise the basic rate of tax by 1p to provide an extra £2bn in funding for next year and a similar sum the year after.

Labour countered this week with details of its more modest plans to spend an extra £600m in 23 months – an increase of about 0.7 per cent in the education budget. The Tories have kept out of the auction – to their cost, according to the pollsters.

In practice, state education spending is set to grow sharply, whichever party wins. All three parties support the real increases in teachers' pay begun – and likely to be continued – by the teachers' independent pay review body this year. All want to see a higher staying-on rate at the ages of 16 and 18, and endorse the target of one in three 18-year-olds going on to higher education by the year 2000 (from one in five now).

The opposition parties would replace student loans by more generous grants. This would save money in the short-term because of the time taken to repay loans, but in the long term the switch will be a massive drain on the education budget.

The spending argument is not, therefore, mainly about salaries and participation – but about class sizes, equipment, school buildings and nursery provision.

Mr Matthew Taylor, the Liberal Democrats' education spokesman, promises immediate improvements on all fronts.

Mr Jack Straw, the shadow education secretary, is more cautious. He is restrained by Mr John Smith's modest "recovery programme". He promises a nursery place for all three-year-olds and four-year-olds who want them by 2000 (Mr Taylor proposes to do this within five years), while his £180m extra for school buildings – to tackle an estimated backlog of £4.5bn – compares with Mr Taylor's £1bn-plus.

Both agree, however, that schools will get the bulk of extra resources. Lecturers are promised a pay review body, but universities will look in vain for the funds needed to greet 100,000 extra students with existing standards of accommodation and current student/lecturer ratios.

Mr Kenneth Clarke, education secretary, emphasises choice as the Tory message. If re-elected the Conservatives will leave A-levels unreformed, continue the assisted places scheme to pay private-school fees for low-income families, create more City Technology Colleges, and encourage all state schools to opt out of local authority control – with small primary schools to be allowed to opt out in groups if they would prefer. Grant-maintained schools will also be allowed to introduce selection – "if that is what parents clearly want and it fits in with the wider needs of the local area", adds Mr Clarke cryptically.

Those policies are bitterly resisted by opposition parties, but they have strong support from the Tory grassroots. Wandsworth, the Conservatives' model borough in south London, is bursting with ideas to take them further.

Mr Edward Lister, Wandsworth's ebullient education chairman, was the brains behind Mr Clarke's ill-fated scheme for competing school inspectors; he also aroused local controversy last month with plans – hurriedly withdrawn – to cut more than £3m from local school budgets. He wants all the borough's nine secondary schools to join the three that have opted-out, and larger primary schools to do so "when they are ready".

What role then for Wandsworth council? Mr Lister argues that the local authority will have four clear roles: "It will be innovator, inspector, planner – making sites available for successful schools to expand – and educator of last resort." On innovation, he points to new maths and non-verbal-reasoning tests to be introduced for 11-year-olds "so we can make real assessments of value added thereafter."

Mr Lister is enthusiastic about selection, for commitment as much as ability. "Yes, there will be rejects, but if children are to be rejected it's better they are rejected at 11 than later," he says.

His plans for the borough involve Battersea Park School, in the north, becoming a technology college, Chestnut Grove School in Balham becoming a "magnet school" in art and design, and he favours experimentation with "bilateral schools" engaging in formal streaming. As to the rejects: "we will pick them up as the education authority".

Mr Alf Dubs, fighting to regain the marginal Battersea seat for Labour, opposes all that. He derides changes to the character of schools as "creating instability and division."

"The bottom line of all this is selection," he insists. "That's the real agenda – and we will fight it tooth and nail." So whoever wins on April 9, expect an education brawl.

Andrew Adonis

Warning on price of Scots separatism

By James Buxton, Scottish Correspondent

ECONOMISTS yesterday painted a much less attractive picture of the benefits to Scotland of a devolved parliament and of independence than those portrayed by the political parties arguing for them.

A devolved Scottish parliament would be far more dependent on the UK Treasury for its revenue than supporters of devolution claim, according to Professor Donald MacKay and Mr Peter Wood of Pieda, the Edinburgh economic consultancy. They add that it would have little autonomy in economic and industrial affairs.

They say in a report for Bell Lawrie, the Edinburgh stockbroking firm, that an independent Scotland would have a large structural budget deficit and probably a substantial balance of payments deficit.

The report is a challenge to Labour and the Liberal Democrats, which support a Scottish parliament, and to the Scottish National party which wants independence in the EC.

The economists warn that there is a gulf between public expectations and reality over a Scottish parliament, and say that the resulting disillusionment could cause political instability leading to demands for full independence.

The tax revenues that a Scottish parliament would have assigned to it under the proposals of the Scottish Constitutional Convention would fall far short of its public spending.

It would therefore have to negotiate with the Treasury for the rest of its funding, the economists say. It is unlikely that the Treasury would agree to anything which gave a competitive advantage. The parliament's right to raise taxes by up to 3p in the pound would raise only four per cent of expenditure.

The economic powers proposed for the parliament were "vague, confused and unconvincing", Prof MacKay said.

As for independence in the EC, Scotland would have a public sector borrowing requirement of £5.85bn in 1991-92, assuming unchanged tax and spending levels and two thirds of UK oil revenues. This would amount to 14.4 per cent of Scotland's gross domestic product and would be difficult to fund without punitive interest rates.

Higher taxes would appear inevitable to maintain spending. Even if oil revenues rise later in the 1990s as predicted, the PSBR would still be large.

The Act of Disunion of 1992? Bell Lawrie White, 7 Drumsheugh Gardens, Edinburgh EH3 7QH. £30.

Shoppers tell parties to get on their trolleys

By David Marsh

BRITAIN'S vote-seeking politicians were yesterday given a comprehensive thumbs down by that driving force in any election, the blue-rinse brigade of Sainsbury shoppers.

Trolley-pushing voters in six safe southern Tory seats – Carshalton, Sutton, Epsom, Horsham, Worthing and Hove – granted John Major a narrow vote of confidence.

In an exclusive FT poll of blue-clad middle-aged lady shoppers outside Sainsbury stores there was one overwhelming message to the politicians: head for the electoral checkout and get it all over with as quickly as possible.

Out of the small but scientifically chosen sample of women shoppers wearing blue coats or pullovers – two in each constituency – five said they would vote Conservative, two each gave their allegiance to Labour, the Greens and the Liberal Democrats, with one saying she would abstain as a protest. Their overriding comment was of boredom or outrage at the politicians' antics.

Outside Sainsbury's, Wallington, in the Carshalton constituency (majority: 14,409), Mrs Mary Cunningham, in a bright-blue coat, said she was a traditional Conservative but had hesitated in making up her mind this time before being pushed back to the Tory camp by fury over Labour's health broadcast last week. "I'd like to punch Neil Kinnock on the nose," she said.

In North Cheam, in the Sutton constituency (majority: 15,718) Mrs Jacqueline Brown said she would vote Liberal. "None of them are coming over very well."

Mrs Ida Cass, wearing turquoise with a mauve tint to her hair, said she was Green "because of what they're trying to do for the world."

In Epsom (majority: 20,761) Mrs Evelyn R., a lifelong Tory in a blue anorak said that for the first time she would not be voting. She was "disgusted" by the Conservative performance. "Education, employment – you name it, they've messed it up." She did not want her name quoted because friends in the Tory party would think she was "a renegade".

In Horsham (majority 23,907) Mrs Doris Whitehead said she would opt for the Tories but without enthusiasm. "I can't see it getting any better." Mrs Dora Silver would also vote Conservative. "I'm sick to death of the politicians on TV. They go on and on and on. But I don't like Mr Kinnock as a man," she said.

Rumbold campaigns on animal rights

By Richard Evans

ANIMAL WELFARE seemed an odd issue for the Conservatives to highlight on a day when Tory strategists were desperate to close the opinion poll gap on Labour, but Mrs Angela Rumbold had a go.

The formidable Home Office minister insisted at a London news conference that the Conservatives had a much better record on animal welfare than any other party.

Animal welfare is a particularly sensitive issue for the Tories because of the vehemence of views on bloodsports and factory farming.

Mrs Rumbold pledged a Conservative government would oppose a resumption of the trade in ivory or elephant products, urge Britain's EC partners to bring welfare standards up to UK levels, and press for higher EC standards for keeping battery hens.

She seized on reports that Mr Neil Kinnock, Labour leader, had promised a ban on foxhunting as "possibly another instance of Labour being unable to hold to their manifesto pledges." The Tories believed the issue was one for individual conscience.

Dr David Clark, Labour's agriculture spokesman, said later animal welfare would be a high priority for a Labour government, and measures would include banning the testing of beauty aids on animals. Mr Simon Hughes, Liberal Democrat environment spokesman, promised a watchdog body, the Animal Protection Commission.

Hattersley pledge on police numbers

By Robert Rice, Legal Correspondent

LABOUR WILL increase police numbers and create a partnership between local government and local police forces to combat the crime wave which had "turned into a typhoon", Mr Roy Hattersley, shadow home secretary, said yesterday.

At a London news conference he promised to increase total police numbers in England and Wales by 1,250 immediately after the election, to restore cuts to the police housing allowance and to implement the recommendations of the 1990 Morgan Report on local crime prevention strategies.

Labour estimates the package will cost up to £60m in the first year.

It says that this will be met by reducing the numbers of prisoners held on remand in police cells, which costs £220 a night each. Mr Hattersley said the comparable cost of holding them in prison was £50 a night each. On Monday there were 1,744 prisoners being held in police cells.

He said that all suspects remanded in custody would be accommodated in prison by shortening the average time spent on remand before trial and by removing from the system categories of offenders, such as maintenance payment defaulters, who should not be there.

Mr Hattersley pointed out that the number of recorded crimes had risen from 2.5m in 1979 to 5.3m in 1991, although crime surveys suggested that the real figure was as much as four times as great. It was possible first to halt the increase and then to reduce crime.

Mr Barry Sheerman, Labour's crime spokesman said that preventing youth crime would be a priority since half of all crime was committed by young people.

He added: "We have to ameliorate the circumstances in which young people find themselves and establish specific crime prevention programmes targetted on youth."

THE ISSUES: LAW AND ORDER

Crime beat is played softly-softly

THE PICTURE of policing Oxford painted by television's Inspector Morse is not one that acting chief superintendent Ralph Perry, the Oxford area commander, recognises.

"There are more murders in the average episode of Morse, than Oxford has in two years," he says.

If Morse existed, Mr Perry could find more than enough to keep him busy. Last year recorded crime in the city rose by 34 per cent compared with a 16 per cent rise nationally. In three years crime in Oxford has doubled.

If Morse ventured beyond the cloistered colleges he would find that the city has very real problems of vagrancy, homelessness, drink and drugs. It also has a disproportionately high level of auto crime, connected partly with the theft and racing of cars on the city's outlying estates of Barton, Rose Hill and Blackbird Leys.

With Mr John Patten, the home office minister, defending Oxford West and the continued media attention on the problems at Blackbird Leys, law and order ought to be a main talking point in Oxford during the campaign. Yet, as appears to be the case nationally, in spite of record levels of crime everywhere, the law and order debate has been little more than a sideshow.

Mr Patten says that not one person has raised the issue with him on the doorstep in this campaign. Crime was only an issue recently at the height of the "joyriding" at Blackbird Leys last summer.

Sir William Goodhart QC, the Liberal Democrat challenger in Oxford West, says it is clear why the Tories have not raised the issue: "It no longer works to their advantage." The rise in recorded crime shows the Tories' claim to be the natural party of law and order is "wearing a little thin", he adds.

If that explains the Tories' desire to keep what little debate there is firmly focused on its plans rather than its record, it does not account for Labour's apparent reluctance to raise the subject.

However Mr Andrew Smith, who is defending Oxford East for Labour and lives on Blackbird Leys, says law and order has been specifically raised with him by a significant number of people. Residents on Oxford's estates are fed up with the continuing nuisance of "theft and racing of cars" – he refuses to call it joyriding.

He says: "If Mr Patten thinks that because they introduced the Aggravated Vehicle-Taking Act it is not a problem any more, then he really is complacent."

There seems very little to choose between the main parties' policies. All three give a commitment to reform of the criminal justice system after recent miscarriages of justice – an issue nobody has raised with any of the candidates. All three talk about the need to concentrate on crime prevention rather than cure and the need to concentrate efforts on the young in particular.

Mr Patten says: "Crime prevention starts with the young. This is the message for the nineties." The Tories are planning a national task force "to co-ordinate action against criminal behaviour among children in the family and at school".

The Liberal Democrats talk about the need to keep young people aged 16 to 18 active by building up local youth facilities. Sir William says stealing and racing cars is "a symptom of young people with too much time on their hands".

Mr Smith says: "There is a real problem in Britain today with rootless people who feel they have little to lose by breaking the law."

All three parties also speak of the need for more community-based policing, and give a manifesto commitment to increase police numbers.

All of which is good news for Mr Perry. The Thames Valley force has one of the lowest police-to-people ratios in the country. Mr Perry is expected to deal with the huge increase in crime with 250 officers – roughly the same as Oxford had in 1968. He says: "With an extra 30 or 40 officers we could do an awful lot to meet the public's expectations."

He would love to work towards some concept of regular policing of the community, but a recent increase in the number of beat officers by 12 is as far as he can go with present resources.

He is particularly concerned about the socio-economic aspects of crime. Youths hanging around with nothing better to do contributed to the problems on the city's estates last summer, but he is aware that that is not the complete explanation. Many of those involved, particularly on Blackbird Leys, were not economically deprived.

Mr Perry says: "There is no way you can compare an estate such as Meadow Well [the Newcastle estate where trouble also flared last summer] with conditions on Blackbird Leys. Facilities on Blackbird Leys are second to none – swimming pool, sports centre, BMX track, nice schools, speedway stadium, Greyhound racing stadium, youth clubs – you name it, it's there."

Robert Rice

NEWS: UK

ELECTION 1992

Lib Dems must target at local level

By Gareth Smyth and Ralph Atkins

THE Liberal Democrats' best chances of making gains next Thursday depend on riding the swing in support away from the Conservatives but – far more critically – on targeting effectively at a local level.

Very few Conservative-held seats would be won by the party if the swing shown in the latest opinion polls – including last night's Gallop/Daily Telegraph poll – was applied uniformly across the UK.

But the Liberal Democrats have an established reputation for fighting individually-tailored campaigns and for building a strong personal vote for their candidates. Mr Des Wilson, *campaign director, is* confident of holding the 22 seats the party is defending.

That includes saving 10 seats in Scotland, where Liberal Democrat support fell to 10 per cent in a Mori/Sunday Times *poll last weekend*, compared with 19 per cent of votes cast at the 1987 election.

Mr Wilson is also optimistic – perhaps too much so – about retaining seats like Southwark and Bermondsey, Rochdale and Liverpool Mossley Hill, which appear vulnerable to Labour.

The most likely gains for the Liberal Democrats are seats where exceptional local factors are enhancing the national swings in support. Electoral geography and the firmness of the Labour vote means those *gains would come almost* exclusively from the Tories.

Mr Wilson yesterday confidently predicted taking from Labour the seats of Sheffield Hillsborough, Glasgow Hillhead, Bow & Poplar and Liverpool Broadgreen, but this may reflect a desire to counter charges that a Liberal Democrat vote would let in Labour.

Broadgreen would need a swing of 6.3 per cent from Labour and depend on the candidacy of Mr Terry Fields, the expelled former Labour MP, spliting the Labour vote.

Among the 375 seats the Conservatives *won in 1987*, the SDP/Liberal Alliance were second in 228. Cambridge, Colne Valley, Stevenage, Stockton South, Plymouth Drake and Conwy must now be regarded as three-way marginals as a *result of the Labour revival.* But there are 18 other seats, shown on the accompanying map, where the Liberal Democrats are clearly the challenger to the Conservatives and which they would win on a *swing of around 6 per cent.* Successful targeting would make many winnable on a much smaller national swing.

Liberal Democrats have been able in the past to transfer support from local to parliamentary *elections. In Hazel Grove,* where Conservative Sir Tom Arnold defends a majority of 1,840, the Liberal Democrats have 14 of 18 council seats. The party has 23 of 25 council seats in Richmond & Barnes, a seat they failed to win by 1,766 votes in 1987.

Another factor favouring the Liberal Democrats is their ability to squeeze the Labour vote in their crucial target seats. In March, a Harris poll showed that over a quarter of those questioned would vote for another party if their preferred party *could not win the seat.*

● The poll by Bath University published yesterday, which showed that Mr Chris Patten was one point behind his Liberal Democrat challenger, was commissioned by the Bath Evening Chronicle and HTV West.

Target seats for Ashdown's forces

% = percentage swing required with a judgement as to whether their chances are better (+) or worse (–) than the bare figures suggest

Conservative-held seats

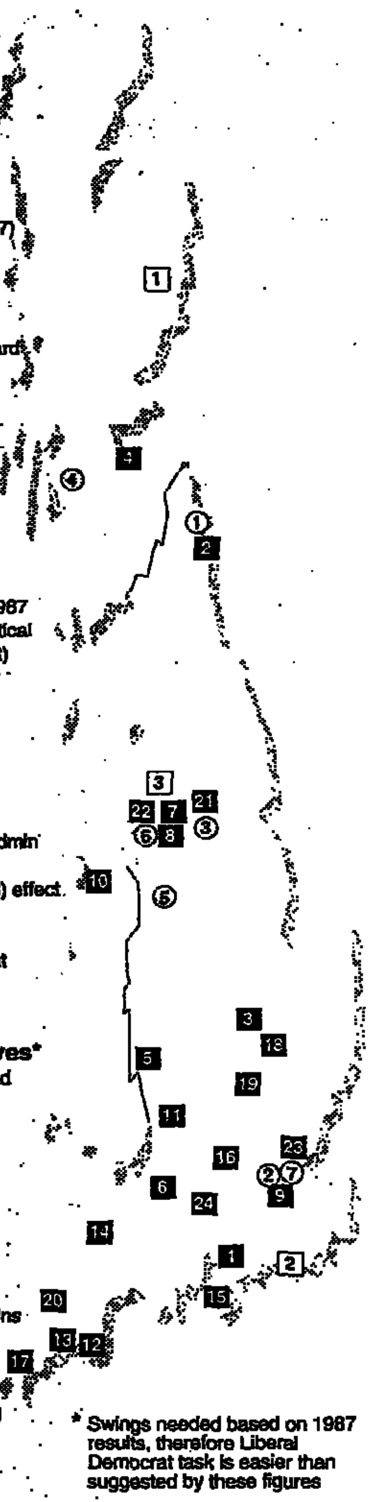
1	Portsmouth South	0.2%	–	Former SDP seat, former MP Mike Hancock standing again
2	Stockton South	0.7%	–	Three-way marginal, but former SDP MP Ian Wrigglesworth not standing again
3	Cambridgeshire NE	1.3%	–	No Clement Freud (lost 1987)
4	Edinburgh West	1.3%	+	Well- known candidate
5	Hereford	1.4%		
6	Bath	1.4%		
7	Colne Valley	1.5%	–	Three-way marginal, but Liberals slipping since Richard Wainwright retired in 1987
8	*Hazel Grove*	1.8%	+	*Strong in local government*
9	Richmond & Barnes	1.9%	–	Strong in local government but close before
10	*Conwy*	3.8%	–	*Three-way marginal*
11	Cheltenham	4.0%	+	Black Tory candidate
12	Plymouth Sutton	4.0%	–	Former SDP vote
13	Plymouth Drake	4.0%	–	Former SDP vote three-way marginal
14	Devon North	4.1%	+	West country
15	Isle of Wight	4.1%	–	Former Liberal MP retired 1987
16	Oxford West	4.5%	+	Probable repeat of 1987 tactical voting (link with Oxford East)
17	Falmouth & Camborne	4.7%	+	West Country, Tory outsider
18	*Cambridge*	4.7%	–	*Three-way marginal, strong* Labour revival, candidate no longer Shirley Williams
19	Stevenage	4.8%	–	Three-way marginal, strong Labour revival
20	Cornwall North	4.9%	+	West country, candidate Paul Tyler former MP for Bodmin
21	Leeds NW	5.0%		
22	Crosby	5.2%	–	Shirley Williams MP (1981-3) effect
23	Chelmsford	5.7%	–	Swing to Con in 1987
24	Winchester	6.1%	+	*Deselected Conservative* MP standing as independent

By-election gains since 1987 from Conservatives*

1	Kincardine & Deeside	2.2%		Poor poll showing in Scotland
2	Eastbourne	15.1%	+	Strong in local government
3	Ribble Valley	19.8%	+	

Labour held-seats

①	Blyth Valley	0.9%	–	Collapse LD organisation
②	Islington South	1.0%	–	Former SDP MP George Cunningham not standing
③	Sheffield Hillsborough	2.8%	–	Collapse LD organisation
④	*Glasgow Hillhead*	3.9%	–	*Former SDP seat, Roy Jenkins*
⑤	Newcastle Under Lyme	4.8%		
⑥	Liverpool Broadgreen	6.3%	+	Former Labour MP standing as independent
⑦	Bow & Poplar	6.8%	+	Hard left Labour, LD's strong in local government



* Swings needed based on 1987 results, therefore Liberal Democrat task is easier than suggested by these figures

Joe Rogaly

Checking out voters

The elderly man in the supermarket looked up with a glint in his eye. He nudged his wife, nearly tripping over the shopping trolley. "Here," he said, "come and shake hands with a millionaire." Obliging as ever, Mr Michael Heseltine marched up, arm outstretched. "Please support your local candidate, Mr Francis Maude," said he, whirling on to scour the aisles for another customer. The financial secretary to the Treasury shuffled behind the secretary of state for the environment, barely able to keep pace as the taller man loped ahead, walking yet seeming to run.

There is no certain evidence of the trends in public opinion to be gained from such forays into the suburban streets and shopping malls of middle England. The opinion polls do a more comprehensive job than any single individual can. Yet the few titbits I picked up in Nuneaton and Warwickshire North yesterday do suggest two common-sense reasons why the Conservatives appear to be losing the election. First, Labour's resurgence since 1987 is no fluke. The party's modernisation of policies has been accompanied by a modernisation of its vote-getting machinery. Second, Conservatives are *fed up with their own party.*

Stockingford Labour Club, headquarters of the Nuneaton campaign, looks efficient and well-equipped. Its computer link with national HQ in London, actually works: yesterday someone was retrieving policy statements on the economy, industry, and education. Failing that there is always the fax. Canvassers reported in briskly; their story is that the Tories on whose doors they knock register "disillusionment" with the negative campaign emanating from Conser*vative Central Office.*

The Nuneaton Conservative Club feels downtrodden and bedraggled by comparison. It has no computer links; if you want to send a fax, said Mr Lewis Stevens, the candidate, it must go straight to his home. I sat down for a cup of tea. Two strangers came in, anxious to do their bit. They were worried about how things were going and could not bear to watch the TV news because the BBC was so biased against the government. What could they do? Posters were thrust upon them and they were asked: "Do you think you could find half a dozen people to form a ward committee in your area? We can't."

There is evidence of the way long incumbency has trapped the Conservatives

Mr Stevens is the sitting Conservative MP. He has a majority of 5,655, once comfortable enough but now vulnerable. A swing to Labour of 5¼ per cent would wipe him out. The national polls say that will happen; so does the local evidence. I walked up the high street with the Labour challenger, Mr Bill Olner. A former Rolls-Royce machinist and ex-mayor, he seemed to be liked *by everyone we passed.* He led a troika of conservatively dressed middle-aged men in suits, all smiling and handing out leaflets. One of them was his AEU engineering union minder, discreet and patently longing for *invisibility.*

Down the road Mr Maude was canvassing in scruffy corduroy trousers, a Barbour jacket, and worn-out suede shoes. He looked like Labour 1983, a curiosity for a Conservative defending a majority of merely 2,829. "I feel more comfortable like this," he *explained. Locals spoke about* how they expected their MP to be formally or at least neatly attired, as is the modern Labour party.

A *police constable guarding* the approaches while Mr Heseltine was in town unburdened himself. "Crime has increased fivefold," he complained, "but our pay has not. "The police supported Mrs Margaret Thatcher in 1979, but we'll vote against this government now. Do you realise what *their flexible rostering will* mean...?" An Alf Garnett in a cheap cafe wanted the birch and national service brought back, but said he would vote Labour.

His evocation of reactionary wisdom constitutes classic evidence of the way in which long incumbency has trapped the Conservatives. They cannot convincingly attack Labour for being soft on crime, since they have no good explanation of why the rate has risen at so apparently alarming a pace during their own 13 years in office. It is no good trying to explain the unreliability of criminal statistics to people who see their town centre close down at dusk, only to be threatened after dark by gangs of frightening-looking youths.

Mr Heseltine was kind enough to give me a lift. His scouring of the country for Tory votes is carried out with little fanfare and no support staff. Only his driver and his wife are in attendance. He will *contemplate nothing other* than victory. What comfort could I give FT readers who feared the advent of a Labour government? Tell them, the eternal campaigner replied between taking calls on his carphone, *that when dis*affected Tories among the Liberal Democrats realise they are voting for Labour, they will place their crosses beside Conservative candidates. "This message will be shouted from the housetops." I did not need to travel to the West Midlands to hear it, but it sounded *almost credible, coming from* him.

Quotes of the day

The threat of Neil Kinnock has already cost a small investor who owns 500 shares in Thames Water and 500 shares in London Electricity over £500. And that's only the threat – think what the reality would cost

Peter Lilley, trade and industry secretary

Things are going very well indeed. The sun is out, the *daffodils are up and things are standing in good stead*

Neil Kinnock

Mr Kinnock would do well to remember that today is April Fool's Day and that polling day is April 9

Michael Forsyth, Scottish education minister, on yesterday's opinion polls

There is no point in going back to 1987 and 1988. The question is who's going to get the economy moving and anyone who thinks it's the Labour party must be stark staring bonkers

Norman Lamont

There ought to be a sort of peg [in the Commons] so that MPs can hang their brains on it when they walk in, because all they do is shout at each other

Paddy Ashdown

Nobody ever celebrated Devolution Day

Alex Salmond, leader the of SNP

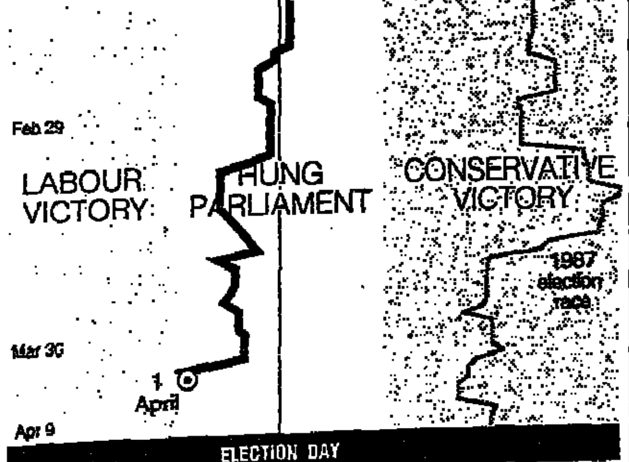
A vote for the Liberals is a vote for Labour through the back door

Norman Tebbit

The Conservatives would say *that.* I don't think you need to have any more clear comment about the terminal disarray of the Conservative party. Having spent three months trying to insult people into voting for the Tory party, they are now *trying to scare people into it*

Paddy Ashdown

Who leads in FT poll of polls



	Last night's FT forecast	Latest opinion poll	Betting odds	Futures trading
Conservative	287 seats	38.8%	5/2	288
Labour	317 seats	37.5%	2/7	314
Liberal/Dem.	22 seats	20.5%	400/1	25
		(Gallup/Telegraph) Field date 31 March, 1 April	Ladbrokes (for most seats)	Dealing on the number of seats (IG index mid-prices)

* Weighted average of six most recent opinion polls computed daily. Does not include telephone polls, panel polls and those that omit sample size or field dates. The graph compares the parties' leads at similar points in the last campaign. The middle line marks level-pegging. If the black line moves left, Labour leads. The Tories lead if it goes to the right.

Where words could fail the politicians

Wales is divided both politically and socially by its language, says **Anthony Moreton**

OF THE 38 seats in Wales, 26 are being defended by Labour, six by the Conservatives and three each by the Liberal Democrats and the nationalist Plaid Cymru. The principality holds out the prospect of a number of close contests, and many seats could go one of three ways. For example, at Brecon and Radnor in mid-Wales Mr Richard Livsey for the Liberal Democrats is defending a 56-vote majority – the smallest in Britain. The Tories were second at the last election, with Labour a close third. Conwy in the north, Cardiff Central and Monmouth in the south and even Pembroke in west Wales could also go to any one of three parties.

POLITICALLY and socially, Wales is a country divided by the one thing that should unite it: the Welsh language.

"The problem in Wales," says the senior executive with a company in Newport, south Wales, "is that the language divides us. Those who speak Welsh don't believe the rest of us, whether born or just living here, are full citizens.

"It's not like that in Scotland. Nationalism there is part of the culture. Everyone is *equal. Here in Wales, because* of the language, there are two peoples, two cultures. And the fanatics will burn down your cottage whether you're English or Welsh."

That feeling, widely held outside the deeply Welsh areas of Gwynedd in the north-west and neighbouring Ceredigion in the west, means that support for the nationalist cause in Wales is severely limited.

The result is that support for Plaid Cymru, the Welsh nationalist party, is largely confined to those areas where Welsh is an important part of everyday life. Plaid is engaged in an unavailing and unsuccessful struggle to break out of its language ghetto.

Election results substantiate this. The three seats won by Plaid Cymru in 1987 were all in Gwynedd, the one part of Wales where Welsh is the everyday language. In the three constituencies of Ynys *Mon, Caernarfon and Meirion*nydd Nant Conwy the nationalists gained 36.1 per cent of the votes, comfortably ahead of the Conservatives' 30.9 and Labour's 18.1 per cent.

Elsewhere, the picture was very different. Throughout Wales, Plaid Cymru gained no more than 7.3 per cent of the vote, a figure which has been steadily declining since as recently as *1974,* when it was 10.8 per cent.

There are only two other seats in Wales where Plaid Cymru is a credible political force in vote-winning terms. At the last election the party took 23 per cent of the vote in Carmarthen, Dyfed, and 16.2 per cent in Ceredigion and North Pembroke. Both are parts of the country where the Welsh language is an integral part of the fabric of society.

By contrast, in south Wales the nationalist vote diminishes to insignificance. In Monmouth *the candidate won just 363* votes in 1987, 458 in next-door Newport East, 377 in Newport West and 535 in Cardiff Central. In three constituencies Plaid Cymru is so weak it is fielding a candidate jointly with the Green party.

Nevertheless, in a hung parliament every vote could count. Plaid is hardly likely to throw in its lot with the Conservatives since devolution does not figure on their agenda. In any case, Plaid Cymru sees itself as a radical party, on the left of the political spectrum.

The party's stance is unequivocal: it wants a parliament for Wales. Whether it would support a Labour government, or a Lab/Lib-Dem coalition that offered something less, such as an assembly with limited powers, is not clear and would be part of the horse trading that would occur.

Even though there is some evidence that support for an assembly – a centrepiece of nationalist demands – is gaining ground in Wales, it is doubtful if even half the population would vote for such a body in a referendum.

When the referendum was held in 1978 just 18 per cent voted for a Welsh assembly. The opposition to it then was led by Mr Neil Kinnock. Now Mr Kinnock leads a party that is promising a Welsh assembly within the lifetime of a first Labour government.

While there are undoubtedly people in the Welsh Labour party who are close to the nationalist cause, there are senior figures who are appalled at the assembly commitment. They believe Labour in Wales is being swept along on the tide of Scottish nationalism.

"The Scottish Labour party has been captured by the nationalists'," one politician said. "Their mad policies have infiltrated the Welsh party and are pushing it in a direction and at a rate that the people of Wales do not altogether want."

Conservatives are adamantly opposed to any form of devolution. Mr David Hunt, Welsh secretary, has time and again *reiterated party policy that a* strong Welsh Office, with a cabinet minister, produces the best results for Wales.

While this view is shared by almost the whole party, slight chinks have appeared. Mr Jonathan Evans, candidate at Brecon and Radnor, has said that though he personally opposes devolution perhaps the matter should be put to the people.

Most business people, a voting class closely allied with the Conservatives politically, certainly oppose devolution. They see all their links going east, to London. "We do not fear either London or the English," said one. "We work very happily with them and have no desire to cut those ties."

Most fund chiefs see hung result

A POLL of City fund managers found that 89 per cent expect the election to result in a hung parliament. Labour will be the *single biggest party, according* to 48 per cent, while 41 per cent think the Conservatives will have the most seats.

Most – 46 per cent – think the Liberal Democrats have conducted the most impressive campaign. None consider the Tory campaign the most impressive, while 30 per cent chose Labour. *However, 80 per* cent think the Tories have the best long-term economic programme.

The survey was conducted by Gallup for Smith New Court, the securities house.

● *The number of people voting* by post and proxy is higher than ever before. About 10 per cent of the population are entitled to vote in this way, but in no constituency has 5 per cent previously been reached.

Figures compiled by Labour indicate that the 5 per cent figure has been breached in seven key marginal seats, and suggest that nationwide there are more than 1.3m postal and proxy voters compared with about 901,000 in 1987.

Services' votes not on parade

One group of electors for which there are no available polls is the armed forces. They were not polled in 1945 either when pre-election opinion *soundings – just among* civilians – underestimated the swing to Labour.

Postal votes from overseas servicemen are reckoned to have clinched that election. But, however bitterly today's servicemen may resent cuts, nothing of the sort can be expected this time for three *good reasons.*

First, the forces, at 294,000 and declining, are smaller than at any time since the war. Second, although they are encouraged to vote, many do not. Army officials say arrangements for proxy and postal votes "just don't work terribly well". Third, unlike *the civilians in khaki who* voted in 1945, today's all-professional services are a bastion of conservatism with a small "c" and probably a big one as well.

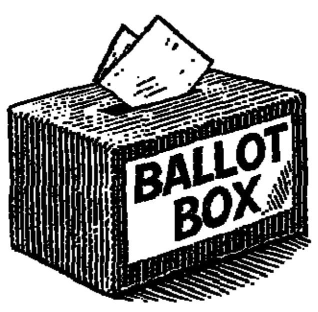
Historically, *Labour defence* secretaries have been relatively kind to the forces. But distrust of Labour is ingrained among officers and, even more, senior NCOs. "Socialism is anathema," says one former cavalry officer. "From the early stages it's drilled into people."

But just how dominant rightwing sympathies are, who knows? John Elliott, editor of Soldier magazine, says he *has never come across any* information about the service vote in 15 years' association with the Army and Navy. No such poll has been heard of at NOP, Gallup or Mori. "I suspect you would never get permission to do it," ventured one pollster.

A fair indication might be *service-dominated* constituencies like Aldershot, where Julian Critchley is defending a Tory majority of nearly 18,000, or neighbouring Gosport, which in spite of being largely working-class is one of the safest Tory seats in the country.

Bonkers again

Chancellor Norman Lamont's resurrection of the label "stark staring bonkers" to describe those who believe that a



Labour government could revive the British economy is hardly a happy omen for the Conservatives.

It was used in 1964 by Lord Hailsham (after he had temporarily reverted to being Mr Quintin Hogg in his *unsuccessful bid for the Tory* leadership) when the last period of 13 years of Tory rule was brought to an end by a Labour government.

Sweeteners

The Sugar Bureau, which speaks on scientific matters for the industry, reckons that John Major, Paddy Ashdown and Neil Kinnock are each burning up at least 3,500 calories a day – more than twice the daily requirement of the *average male* – during the election campaign. It recommends a diet of carbohydrates: potatoes, rice cereals and pasta for the starch, and fruit and vegetables for the sugar. That is the way to release the hormone serotonin in the brain which, the bureau says, "induces a feeling of well-being".

Chancellor Neil

The Scottish National party appeared to receive a welcome boost for its economic policies from an independent body yesterday.

The Scottish Centre for Economic and Social Research produced a budget for Scotland, based on current *figures, which concludes that* Scotland is responsible for a bigger share of Britain's GDP than of the national debt.

The author is Alex Neil, an economist who seems to echo the SNP's manifesto when he comments: "It is ludicrous for anyone to suggest that the Scottish economy is not *capable of sustaining* self-government."

But the report fails to mention that Neil is a prominent SNP activist whose potential role is chancellor in the party's Scottish Cabinet.

Morelli's decree

There is a change of direction in Brecon and Radnor. Leon Morelli, the self-styled King of Hay-on-Wye and a second-hand book dealer, has written to all his 120 employees telling them he has abandoned the Liberal Democrats, who hold the seat, and is now supporting the Tories.

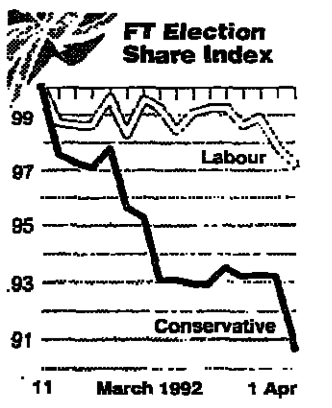
Hay is *the second-hand* bookshop centre of Britain. The town is given over to them and Morelli dominates the place. Even the cinema has a bookshop.

An astute publicist, he set up the independent republic of Hay some years back and proclaimed himself king. His *employees are puzzled. "What's* his vote got to do with us?" one of them said yesterday. "Anyway, he's always been a maverick. In his republic there wouldn't be any such thing as democracy or voting. He would be an autocratic monarch like the French *ancien régime."*

Last prayer

Tory thought for the week: A week is a long time in politics.

FT Election Share Index



● Labour win/Conservative defeat stocks..........97.07 - 0.87
● Conservative win/ Labour defeat stocks......90.74 - 2.64
● FT-SE (rebased)........95.50 - 1.29

SHARES that might benefit from a Conservative victory dropped sharply yesterday, falling twice as far as the FT-SE index of big-company stocks.

"Conservative gainers" *are now over 9 per cent* lower than they were at the start of the campaign, while "Labour gainers" have dropped only a third as far.

Courtaulds Textiles, which might face higher costs from a minimum wage, dropped 16p or 3½ per cent to 431p.

NEWS: UK

ELECTION 1992

North-west England is crucial for the Opposition. **Roger Matthews** takes a political sounding

Labour's 'time for change' theme strikes a chord

IF LABOUR fails to capture most of its target seats in the north-west of England next week, even the party's most committed supporters might begin to question its ability ever again to form a government.

Political gifts have been showered upon the party with such profligacy by its Conservative opponents that initial assessments made three weeks ago by experienced Labour agents have, so far, been exceeded.

At the outset of the campaign they said that what they hoped would see Labour home was nothing more positive than "13 years, time for a change". It has been a simple, very effective message and one that, on the doorsteps and during public debates, neither Conservative candidates nor Central Office have been able to counter.

Going to the country hoping for a fresh mandate after 13 years in government and against a background of rising unemployment and business failures may have been stretching optimism beyond reasonable levels.

Worse still for the Tories, the election campaign has brought to the surface resentments and even a sense of personal betrayal among voters who suffered for the cause in the early 1980s and came to believe in aspects of the Thatcher economic miracle. To be, as they see it, back at square one is a reversal that is hard to bear.

Mr Alistair Burt, defending Bury North, summed up the dilemma for many more of his supporters when he said that what they were looking for was a reason to continue voting Conservative. With a week until polling day, it seems that while some are still searching, others may have given up.

None of the key issues which Tory leaders have chosen to highlight has achieved much resonance in the north-west. Those in the region liable to be hit hardest by Labour's income tax and national insurance proposals may be assumed to be Conservatives.

Most others appear ready to identify themselves as the 80 per cent whom Mr John Smith says will benefit from his first Budget as chancellor.

Conservative attacks on Labour's proposals for a £3.40-an-hour minimum wage have been met with similarly little response. A few extra pence a week for the lowest-paid serves what many northerners see as a need for greater justice in financial rewards.

And, for Conservative candidates, opposition to a minimum wage sits miserably alongside the huge pay rises awarded to chief executives in newly privatised public utilities.

Rising crime figures in the region offers equally little scope on the law and order issue, while foreign policy questions such as the Gulf war and the great themes of European integration scarcely warrant a mention.

But if the Tories cannot make ground on their chosen issues, they are certainly losing it in the critical arena of the health service. Labour's broadcast last week featuring the case of Jennifer Bennett probably did not win it many votes, but it is so far ahead of the Conservatives on this issue that it mattered little.

The health service in the north-west has become almost part of local folklore. Stop anyone in Greater Manchester and if they have not been subjected to a hospital waiting list then they know of somebody who has. Prompt health care is viewed as part of the British birthright, and no amount of Conservative argument has been able to shift the suspicion that the service is being undermined.

Then there is the poll tax. In the modestly rated terraced houses and semi-detacheds of the north-west it produced a financial shock two years ago which has not been forgotten and, worse for the Tories, is being recalled this week as payment demands for the coming year's poll tax are pushed through millions of letter boxes.

What has checked a higher level of Conservative disaffection appears to be essentially the Labour party's lack of positive appeal. This in turn helps explain the increase noted over the past 10 days in the number of people who say they will vote for the Liberal Democrats and would welcome a parliament in which no one party has an overall majority.

But the rising tide of optimism among Labour workers this week cannot disguise the modest enthusiasm for the party among voters who are switching allegiances.

The most often-heard reason on the doorstep for changing sides is not that Labour is deemed to have exciting or convincing policies, but that it could not do any worse than the Conservatives.

There are also serious and sometimes unresolvable doubts expressed by undecided voters over the ability of Mr Neil Kinnock to lead the country. Just as there are Conservative candidates who in their latest campaign literature have managed to avoid almost any mention of their party, so there are Labour candidates who in public speeches never refer to Mr Kinnock. Instead it is the reassuring presence of Mr John Smith who is most often invoked to underline Labour's commitment to sound finances and good housekeeping.

Either side of the centre there is a desire to see politicians working together for the greater good of the nation, an invocation of the spirit of wartime. Such voters would be pleased to see Mr Major and Mr Smith co-operating while Mr Kinnock and Mr Lamont retired from public view.

It was always going to be hugely difficult for the Conservatives to justify another five years when the culmination of the past 13 was so difficult to defend. If Labour does as well as it expects in the north-west, it will be primarily because it has not blocked that message from reaching the electorate.

A SENIOR Tory figure in the north-west has made a coded attack on Conservative Central Office over the party's election campaign, Ian Hamilton Fazey writes.

Mr Andrew Pearce, who is fighting the marginal seat of Ellesmere Port and Neston, said yesterday that candidates were looking for "some zing and zap" from the leadership to turn the campaign. He wanted more vision displayed, harder attacks on Mr Neil Kinnock and the union card played strongly.

The former Euro-MP also wants Labour's attitude to asylum for refugees questioned. "We don't want a great flood of extra immigrants into this country. I'm very sorry if people are having a hard time in their own countries, but they are not our problem."

Mr Pearce refused to directly criticise Central Office, but added: "Michael Heseltine has been forgiven for challenging Mrs Thatcher and he should be used to the full. I also want to see Norman Tebbit and David Mellor savaging Labour and particularly Kinnock."

Fielding the troops: Terry Fields with part of the army of campaign workers outside his Liverpool headquarters

A thorn in the red rose's side

Ian Hamilton Fazey explains how Terry Fields may harm Labour

WITH its opinion poll leads it may seem improbable that Labour could lose a seat in the election, but some in the party are braced for the shock.

The foe in question is not the Conservatives, but the old enemy within – Militant Tendency. The battleground is Liverpool Broadgreen. Mr Terry Fields, jailed last year for not paying his poll tax and then expelled from Labour for alleged Militant links, is defending against the official Labour candidate Ms Jane Kennedy.

Labour's private fears, however, have nothing to do with a Fields victory. They are summed up by Mr David Alton, the Liberal Democrat defender of neighbouring Mossley Hill: "Labour's two roses are going to do their worst to each other and our Rosie is going to come steaming through the middle to win."

"Our Rosie" is Ms Rosemary Cooper, a 41-year-old menswear buyer for Littlewoods and the Liberal Democrat candidate. She fought Knowsley North in Liverpool twice in 1987 – once at a by-election – has been a councillor in Broadgreen for 19 years and will be the next Lord Mayor of Liverpool.

Mr Fields, using the motto "A Workers' MP on a Worker's Wage", has a formidable armoury. It includes years of canvassing records, a portfolio of constituency casework, and a visibly large army of unemployed men who lost their jobs with Liverpool council during its seven-month dispute last year with town hall unions.

Mr Fields knows the odds are long against any independent fighting former colleagues in a national election, but he is well-known locally and is respected for his sincerity.

Many of his posters have the words "independent" and "candidate" in very small letters and the word "Labour" in big ones between them. They are in traditional Labour red and yellow and are very visible in Broadgreen's streets.

Ms Kennedy is relatively unknown and is hated by many of Mr Fields' supporters. An official of Nupe, the public employees' union, she gave information on Militant infiltration to the Labour party.

The only certainty about Liverpool is that the Conservatives have no chance of taking any of the city's six seats. With the Tories fielding a company secretary from the south as cannon fodder, how Labour's vote splits between Mr Fields and Ms Kennedy will be crucial to the Liberal Democrats' chances.

If Mr Fields reduces Labour's 49 per cent of the poll last time by 14 percentage points and the Liberal Democrats keep up their 1987 performance, Ms Cooper will win.

A possible fly in Ms Cooper's ointment is that Broadgreen's independent Liberal councillor is standing, but the key will be tactical voting by Tories. Victory for Ms Cooper or Mr Fields will make Labour's national chances one seat harder, so it may be in the Conservatives' interests not to hinder Ms Cooper. The same argument applies to Mossley Hill, where Mr Alton is defending a 2,226 majority and fighting a strong challenge from Labour's Mr Neville Bann.

Mr Neil Kinnock will be hoping the fight with Mr Fields will be one of his last against the far left. As long as Mr Fields does not win, it may well be.

Rail company hopes to win overseas orders

By Andrew Baxter

BREL, Britain's largest manufacturer of rail equipment, could win access to overseas markets following moves by Asea Brown Boveri (ABB) to take a controlling stake in the UK company, according to its chief executive.

Mr Bo Södersten, installed at Brel by ABB six months ago, says the company will benefit from overseas orders placed with the Swiss-Swedish group but only if it continues to improve competitiveness.

His cautious optimism reflects the mood at ABB's headquarters where Mr Percy Barnevik, president of the electrical engineering group, claims the mid and long-term external outlook is bright. The expansion of railway networks in Europe and Asia offers tempting prospects for European suppliers, according to Mr Barnevik.

The expected world growth in rolling-stock sales could improve the prospects for Brel's 6,500 workers. It "will be much easier to find really good areas of co-operation now that ABB has 80 per cent of the company," says Mr Södersten.

But although Brel's immediate future looks secure, the performance of ABB's own transport division may not be strong enough to remove all uncertainty over the UK subsidiary.

Mr Barnevik has made clear that he remains dissatisfied with the profitability of the division. Profits were low in 1990 and lower still last year in spite of rising orders.

ABB's transportation business is struggling to emerge from a fragmented, inefficient, and nationally-based past into a pan-European market where traditional relationships between suppliers and railway companies are loosening.

ABB has been a key player in the resultant restructuring, with nine acquisitions across Europe since 1988. This helped boost its transportation revenues from $1.31bn (£750m) in 1990 to $1.9bn last year, but profits remain depressed.

Brel, meanwhile, has had management problems, particularly in its new construction business at York and Derby.

Mr Richard Hope, consultant editor of Railway Gazette International, says: "They have not been organised in getting their components suppliers and sub-contractors lined up."

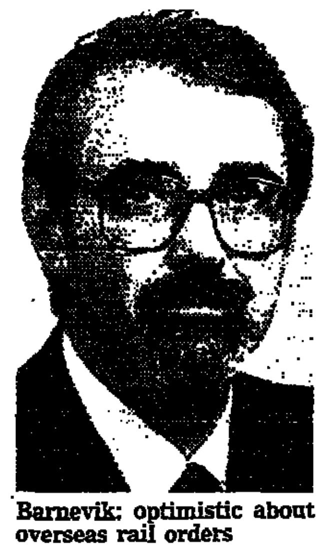
Mr Södersten has had to reorganise management of the new construction division, and across Brel as a whole 1,000 jobs have gone since he took charge. He is pleased with what has been achieved but admits that a lot more needs to be done.

That was echoed yesterday by a leading UK components supplier to the company, which says: "They are always rescheduling our deliveries."

While the restructuring under Mr Södersten continues, the short-term key to Brel's survival depends on UK orders. That survival received a boost earlier this week when agreement was reached with British Rail – the state rail network – over the cost of modifications to 447 class-158 coaches.

While not directly linked, it looks like smoothing the path for the award by BR in the next few days of a £130m order for 188 coaches for Network SouthEast. Last month Brel also submitted a tender to supply 350 tube coaches for the extension of the Jubilee Line in London.

Capturing such orders, and sharing in ABB's transportation growth, will be crucial in deciding any further job cuts at Brel.



Barnevik: optimistic about overseas rail orders

Britain learns to lobby Brussels

UK groups are winning influence in the EC, writes Daniel Green

BRITISH organisations are rapidly learning how to lobby Brussels. In the process, they are even beating French and German rivals to the policymakers, according to Mr Jeremy Richardson, director of the Warwick University-based European Public Policy Institute.

"British groups, used to a tradition of close and informal relationships with civil servants, are rather adept at influencing policy making in Brussels," says Mr Richardson.

His conclusions find support among those involved. "The British operation nowadays tends to be quite sophisticated compared with the French and Germans," says the Brussels office of Hill and Knowlton, the US public relations company.

The French government has urged French companies to be more assertive in dealing with Brussels directly rather than relying on *l'etat*, according to the policy institute.

By contrast, the British Textiles Confederation is lobbying Brussels directly to prevent German carpet quality standards, based on springiness, taking precedence over their UK equivalent, based on comfort and durability.

The chemical industry has also taken the battle to Brussels. Mr Jonathan Peel, an executive director at the Chemicals Industries Association, says: "We have become much more active in Brussels in the last two or three years because more of the weighty decisions are being made there."

Britain's parliamentary system has bred lobbying into UK companies, he says. "There isn't the same sense of that in France or Germany".

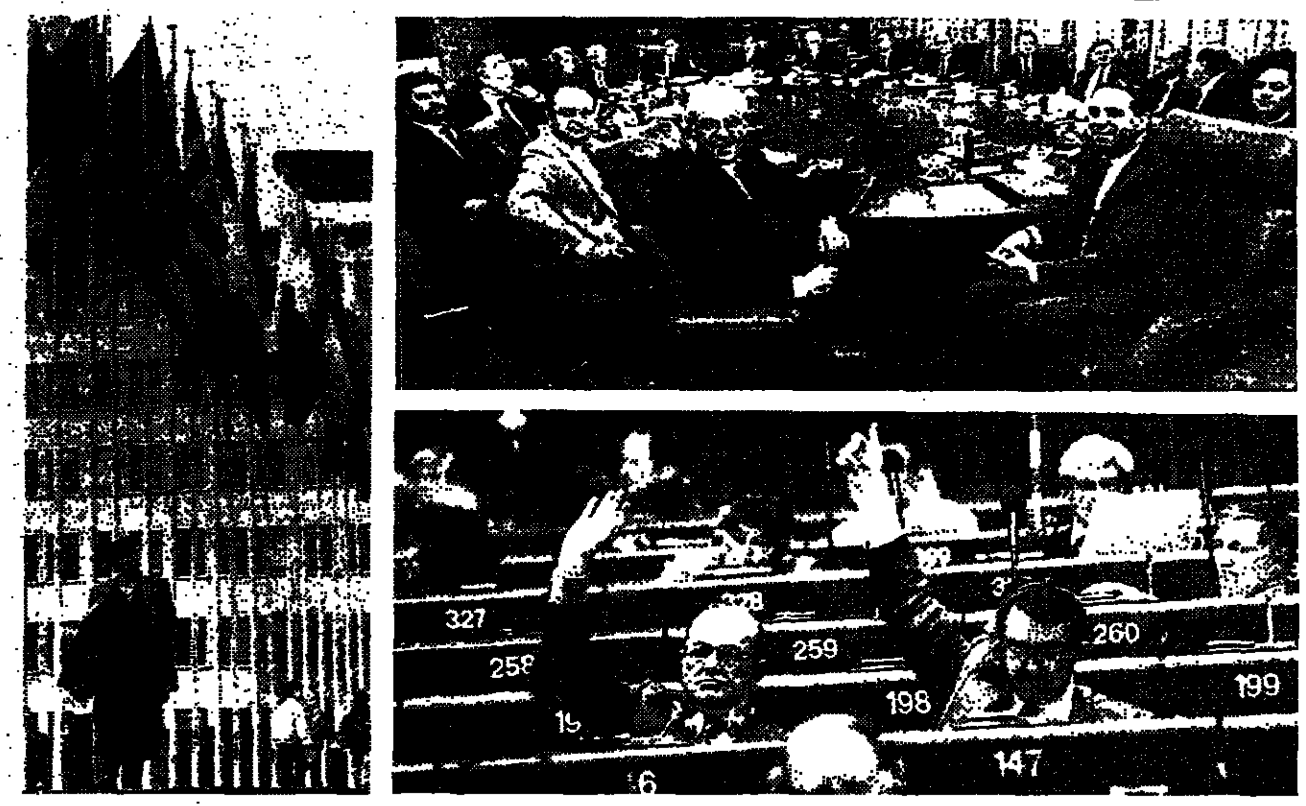
The patchwork of territories in the EC means that UK companies have found themselves on familiar-looking ground when lobbying. There are 23 general directorates, each divided into a number of policy units. The Commission is headed by 17 commissioners, each of whom has an entourage to screen those seeking access to the commissioner.

To add to the complexities, director generals and commissioners change periodically, and with them changes the style and approach of the organisation. But in spite of the complex web of institutions, even UK unions are following employers in lobbying the EC. In January, the GMB, Britain's second biggest trade union established an office in Brussels. This is partly because it is much harder to change proposals once drafted than to influence them in their earliest stages. Mr Richardson suggests that around 80 per cent of the initial proposal is retained in the final version of the directive.

The complexity of Brussels lobbying is also driving organisations to form multinational pressure groups. Much textile information is now disseminated in Brussels through Comitextil and Ecla, the European clothing organisation, while the European Chemical Industry Council is held up as a model lobbyist. The chemicals industry may be helped by the fact that many member companies are large multinationals with resources to defend their interests.

Lobbying in Brussels has not supplanted similar efforts in London, but there is now better co-ordination between domestic and international efforts to influence policy-making.

The secret of good lobbying, says Mr Richardson, is to find those in power and begin a dialogue to influence their decisions. Many in British industry think they have a head start over other countries.



Targets for lobbyists: delegates at the Strasbourg parliament (above and left) and Brussels' EC commissioners (top)

Britain in brief

Court refuses bail to Virani in BCCI case

A High Court judge refused bail for Mr Nazmudin Virani, chief executive and chairman of pubs and property group Control Securities, who is charged with fraud in connection with the Bank of Credit and Commerce International investigation.

Mr Virani has been remanded in custody since Tuesday when he appeared before before magistrates charged with false accounting relating to £2.3m.

Germans plan Berlin air show

The German aerospace industry is challenging Britain this year by staging in June its first air show in Berlin since the second world war only three months before the Farnborough air show at the beginning of September.

The German challenge reflects Germany's ambitions to become a leader in the aerospace industry which has now been regrouped around Daimler-Benz, the German car manufacturer.

Farnborough and Paris are currently the leading international air shows and alternate every other year. But Germany is now trying to break into the aerospace show business.

Record profit at British Coal

British Coal will announce record profits for the second year running in June, the company said. Profits will be even higher than last year, when the company made £78m, its first profit for 15 years.

The company also announced its biggest ever productivity increase. Productivity rose from an average of 4.7 tonnes per manshift last year, to 5.3 tonnes this year. British Coal also set a new productivity target of 7.5 tonnes per manshift within two years.

Laker revival

Sir Freddie Laker, the pioneer of cut price transatlantic air travel in the 1970s, yesterday received approval for his new charter airline Laker Airways (Bahamas). Ten years after the collapse of Laker Airways, Sir Freddie has two Boeing 727 aircraft to link eight US cities, including Chicago and Atlanta, to the Bahamas Princess Resort and Casino on Grand Bahama Island.

UK companies expect profits

Small and medium-sized businesses in the UK are more optimistic about prospects for company profitability than their counterparts elsewhere in Europe, according to a new survey.

Companies throughout Europe were pessimistic about the general economic outlook but once again UK companies were more hopeful than their counterparts in Germany, France, Italy and Spain.

Just over 1,400 companies were polled as part of the first five-country European Enterprise Index carried out by 3i, Britain's largest venture capital company, and the Cranfield School of Management.

Davies likely to head CBI

The Confederation of British Industry is next week expected to announce the appointment of Mr Howard Davies, the Controller of the Audit Commission, as the organisation's new director general.

But Mr Davies has apparently been selected because of his impressive powers of advocacy, his political contacts and his organisational experience.

Unions reject pay offer

Unions representing 20,000 chemical process workers have rejected an offer by employers which would lead to minimum pay rates rising by 4 per cent.

MANAGEMENT: MARKETING AND ADVERTISING

For the average Tokyo office worker, lunch is an *obento*, a lacquered box with quaint little compartments housing a pile of pickled vegetables, salted salmon, dried seaweed and a slice of bamboo shoot, with rice and maybe a fermented bean soup.

The brown-bag luncher does exist, but the humble sandwich has an image problem, as the fillings are bland and the bread is often too sweet. However, Suntory, the brewer, and Subway, the US submarine sandwich chain, last week launched a venture to make the gourmet sandwich socially acceptable in Japan.

Suntory was inspired by the scent of large profits in a still expanding fast food market. US chains, including McDonald's and Kentucky Fried Chicken, have long been catering to changing Japanese tastes, while local competitors have crowded into the market, including DomDom, MosBurger, Lotteria, Love, Bikkuri Donkey, and First Kitchen, a burger chain also run by Suntory.

Across the industry, sales grew by an estimated 11 per cent last year, but profits were only 2.9 per cent higher, reflecting rising personnel and advertising charges.

The intense competition has prompted companies to experiment with lunch and evening menus. McDonald's is now running a Chinese *dim sum* special called McChao, and the other chains are offering "healthy burgers" on rice-based buns, and a burger version of the traditional crumbed pork cutlet.

これから、サブウェイサンドイッチ。

Eating seaweed and submarines

Robert Thomson reports on moves in Tokyo to promote the humble sandwich

Suntory's purchase of the Subway franchise followed inadvertent test marketing of the product in Guam and Hawaii, where Japanese tourists showed a liking for the submarine sandwiches which, in Tokyo, range from the Cold Cut Combo at Y690 (£3) to the Subway Club, with roast beef, turkey, ham and assorted vegetables, at Y900.

The first of five Subway stores opened last week on a former First Kitchen site in Akasaka, a central Tokyo office and nightlife district. The competition is close by, with a McDonald's across the street, four noodle stores within a minute's walk and a First Kitchen outlet two minutes away.

One of the most controversial points of the fast-food debate is whether western ingredients need to be tailored to suit the prejudices of the Japanese palate. Fred Deluca, the founder and president of Subway, which has about 6,300 franchised outlets internationally, said that the subs served in Tokyo are exactly the same as would be bought in a New York store.

"We don't want to try to second guess the market. We are selling exactly what we sell elsewhere. We were pretty confident that Japanese would try the product and like it.

"Japanese tourists in Hawaii and Guam seemed to like the freshness and the fact that the sandwich is made in front of you. We have been helped by McDonald's. They have educated people how to eat with their hands."

The decor of the Tokyo store is similar to other Subway outlets, although a standard mural failed to meet Tokyo fire codes. The stores require less space than a conventional burger restaurant, an important consideration given Tokyo land prices.

A second reason for embracing the sandwich is that Japan's service sector is still short of workers and Subway will allow a cut in staff by a third from a First Kitchen store of the same size.

In the US, Subway stores with a high turnover generally use a production-line method, with one staff member cutting the bread and others responsible for meats or lettuce. Low-volume outlets have one staff member make the sandwich and serve it. However, Jotaro Fujii, president of Subway Japan and an architect of the 82-restaurant First Kitchen chain, chose the latter method even though the Akasaka store has a high turnover.

He reasoned that Japanese shoppers like attention. The continuous contact with one assistant allows a polite greeting and a short conversation during the making of the sandwich. While the Subway store and the previous First Kitchen store both serve fast-food, there has been a sharp turnaround in the ratio of take-aways to eat-in business. At the First Kitchen store, about 60 per cent was eat-in, but for Subway the figure is 25 per cent.

The dual personality of the Akasaka area works in its favour. The lunchtime office demand is strong, and the district is a famed bar and entertainment area, creating demand until late into the evening. Apart from displacing the *obento* lunch, Fujii would like a submarine sandwich to replace the steamed rice and raw egg breakfast.

"We are encouraging people to have a sandwich before they start drinking in the evening, and then to buy a Subway sandwich on the way home. In the morning, when they are in a hurry, they can eat the sandwich and then go to work."

Serving up chips on a plate

It is relatively easy to promote consumer brand loyalty if the product is soap powder or a car. But if it is a small, albeit vital, component buried deep in the guts of a machine, it is much harder.

Intel, the US semiconductor manufacturer, faced exactly this problem when it decided to promote its microprocessor "chips" which provide the "brain power" for most personal computers.

Last November, Intel launched a campaign aimed at the ordinary customer – not the hardware manufacturer – but which *advertised a vacant slot deep inside* a computer, rather than the machine itself.

The message Intel was trying to deliver was make sure the – computer you buy has an Intel chip – and a spare Intel socket – inside it.

The television advertisement features a science-fiction "flight" through the innards of a computer – filmed using a fish-eye lens inside a real computer – ending up at the empty chip slot with a bright neon arrow sign flashing over it marked "vacancy."

The Intel marketing campaign is part of a solution to an unusual problem faced by Intel – its design engineers roll out new products faster than the market can absorb them.

Companies, which are the main purchasers of personal computers, usually write-off their equipment over five years.

But the electronics engineers working for the California-based chip maker, which controls 85 per cent of the world market for microprocessors, produce a hot new product in about half that time.

The solution Intel came up with was to offer the user a way to improve the performance of an existing machine.

Intel told manufacturers who use Intel chips in their computers to build in a spare chip socket next to the main processor.

The company then launched the $100m European advertising campaign.

Intel is still analysing the results of the first phase of the campaign but says the initial response was "encouraging". Last month the company unveiled the "overdrive" chip which is designed to fill the vacant slot at the start of March.

Paul Taylor

Showman on a magic carpet ride abroad

David Housego looks at how one Indian entrepreneur made his name

As India heads down the path of export-led growth, it is running up against the same problem that beset Japan, Korea and Taiwan in their early years of expansion – a reputation for *shoddily-made, ill-designed* goods.

One of the few Indian companies to have succeeded in selling high-quality products abroad under its own brand name is Shyam Ahuja. A Bombay-based, family-owned concern that began by making durries (flat woven rugs) it now sells hand-made furnishing fabrics through more than 80 up-market stores from New York to Tokyo, Hong Kong, London and Sydney.

When Shyam Ahuja, a flamboyant showman with a taste for self publicity, set up his own business supplying durries, he aimed at the top of the range: designers like David Hicks and stores like Ralph Lauren in the US and Liberty in London. An inveterate dropper of famous people's names, he claims that Sonia Gandhi, George Bush and Margaret Thatcher own his durries.

Unlike most other Indian companies, he recognised the importance of having his own brand name, and marketing it hard. He spends three-quarters of the year travelling abroad, keeping in touch with international tastes, talking to buyers and making his presence felt at international trade exhibitions.

By selling under his own name – as opposed to most Third World manufacturers which supply goods to chain stores that market them under their own labels – Shyam Ahuja has ensured that profit margins are high. His reputation for quality and design enables him to charge higher prices than other manufacturers producing similar goods. "I see what the market can pay," he says, admitting in the same breath that his production costs are relatively low. Retail prices abroad are about four to five times higher than the cost of a fabric at shipment from India.

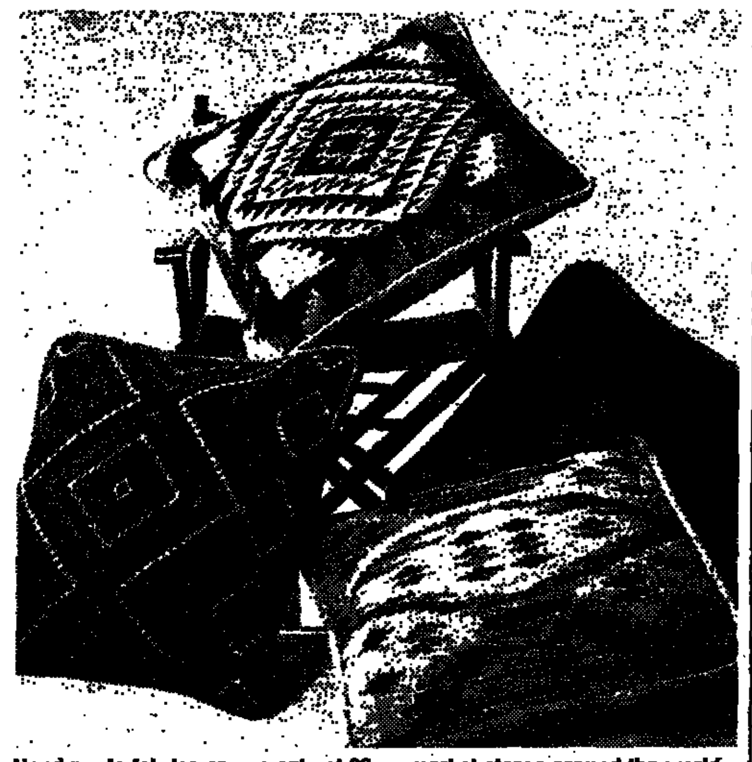
Shyam Ahuja claims responsibility for introducing Indian durries to the West in the 1970s. He took the traditional floor covering and added new designs and lighter, pastel colours. He also used finer cotton or wall yarn and ensured it was well finished. He now complains that other Indian manufacturers flooded the market with poor-quality copies of his designs – destroying the image of the durrie abroad.

In 1983 he made another breakthrough when Ralph Lauren bought his floor coverings – but on the basis of designs supplied by Lauren. More recently he has become restless at manufacturing for another brand name and is anxious to break the link.

He does not always get it right. He says that Liberty, his main London outlet, last year told him that sales of pastel colours, which have symbolised his designs, were plummeting. The result has been a new collection based on bold reds and using themes from American Indian culture.

The difficulty of producing hand-made products in India is maintaining quality. Shyam Ahuja reckons that he has 18,000 weavers working for him – equivalent to the workforce of a large steel mill. Most work from home and are paid on piece rates.

The company supplies the weaver with raw materials – cotton, dyes, wool – to ensure consistency. Of the 250 permanent staff on Shyam Ahuja's payroll, a large number are involved in inspecting goods at different stages of manufacture. Shyam Ahuja claims that he rejects 30 per cent of the products that arrive at his Bombay headquarters.



Hand-made fabrics are on sale at 80 up-market stores around the world

Seizing virtual reality

Few subjects in the computing world have generated more hyperbole than virtual reality.

Most of the excitement has revolved around so-called immersive VR in which the human subject interacts with a computer-generated imaginary world via a special headset with an internal display screen and a "dataglove".

In this form VR is rather like an exotic arcade game played on a personalised simulator which "tricks" the brain into thinking it is in the "virtual world".

But immersive VR has serious drawbacks, not least the fact that using the equipment for more than a very short time generates a type of nausea dubbed "simulator sickness".

Of more immediate practical interest is the appearance of desktop VR systems which will run on ordinary PCs equipped with standard high-resolution screens. These systems have many potential applications in design work, medicine, remote handling, and training – as well as for entertainment.

One indication that VR is moving out of the laboratory and into the world of real applications is that public conferences and exhibitions are beginning to be held on the subject. The latest, organised by Meckler, a conference and exhibition organiser on information technology, began in London yesterday.

The two-day meeting, designed to examine the impact and applications of VR, is covering a wide range of topics including the use of VR in mental therapy, in the treatment of phobias for example. This subject is being explored by Peter Ward, director of the information modelling programme at Leeds University's School of Medicine.

Other speakers include Myron Krueger, one of VR's founding fathers, and Robert Stone of the UK National Advanced Robotics Research Centre.

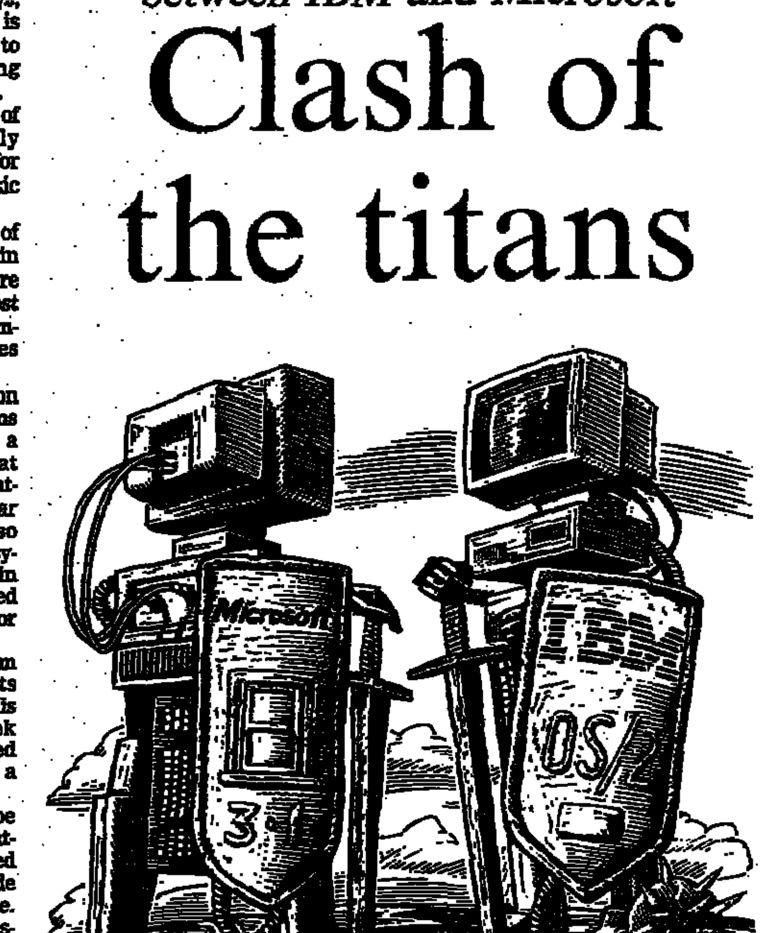
Among the exhibitors at the conference is a UK company called Dimension which offers a desktop VR system for £12,057.

The Berkshire-based company supplied one to West Denton School in Newcastle where the children are experimenting with it as part of a project funded by the Department of Education.

Paul Taylor

Louise Kehoe reports on the software battle heating up between IBM and Microsoft

Clash of the titans



Two titans of the computer industry are gearing up for a global marketing battle. With the launch this week of a revamped version of OS/2, International Business Machines is taking on Microsoft in a struggle to wrest control of PC operating systems from the software leader.

For once, IBM is in the role of challenger. Microsoft currently holds a monopoly in the market for the programs that control the basic functions of a personal computer.

Ironically, it was IBM's choice of Microsoft's Dos operating system in the early 1980s that set the software company on a growth path. Almost every IBM-compatible personal computer in the world now comes equipped with Dos.

Microsoft reaffirmed its position as the prime supplier of PC systems software with "Windows 3.0", a hugely successful program that works with Dos to give IBM-compatible PCs ease-of-use features similar to the Apple Macintosh. It also helped develop IBM's OS/2, an easy-to-use operating system launched in 1987 which, to IBM's chagrin, failed to gain momentum as the successor to Dos.

Microsoft claims to have sold 10m copies of Windows 3.0 since its introduction in June 1990. What is more, Microsoft will next week begin shipments of an upgraded version, called Windows 3.1, amid a barrage of advertising.

On the face of it, IBM seems to be attempting the impossible; unseating Microsoft from its entrenched position as the dominant worldwide supplier of PC systems software. Bill Gates, Microsoft chairman, dismisses OS/2 as a weak challenger. He says Microsoft will sell at least 1m copies of Windows 3.1 over the next month.

Yet being the underdog seems to have energised IBM. The computer giant is arming all of its 344,000 worldwide employees with promotional materials and asking them to proselytize friends and acquaintances. IBM will also unleash a multi-million dollar advertising campaign this month and have its top PC executives campaigning like US presidential candidates.

Amid all of this hype and hoopla, personal computer users will be faced with confusing claims and counterclaims making it difficult to determine the merits of each of the competing programs, or whether indeed they need either.

The decision is made more difficult by the fact that OS/2 and Windows at first glance look remarkably alike. Both present the personal computer user with a graphical interface; a screen with pictorial "icons" that represent functions and applications that can be executed with the click of a button on a computer "mouse". Both also have "pull-down menus" offering the user a choice of actions.

But the true advantages of this new generation of personal computer operating systems lie in their ability to tap the power of the high-performance microprocessors that drive the latest models of PCs.

With either OS/2 or Windows it becomes possible to run more than one application simultaneously. This "multitasking" capability maps the functions of a personal computer more closely to the way that people work. Thus, for example, you might be printing out the results of a spreadsheet analysis while writing a cover letter to go with it and glancing at an incoming facsimile message at the same time.

"OS/2 will enable you to unleash all of the power trapped inside your personal computer," James Cannavino, president of IBM's personal systems division, promises. But multitasking is not unique to OS/2, it is also an important feature of Windows. Where the differences lie is in the degree of difficulty that users face in configuring a collection of programs to perform multiple applications simultaneously.

With Windows, that depends to a large extent upon whether the applications programs are designed specifically for Windows, or whether they are older, but perhaps familiar, Dos applications. IBM claims that OS/2 will run applications programs designed for Dos, or Windows, or OS/2 with equal ease.

Another differentiating factor is hardware requirements. For OS/2, IBM recommends a 386 or more powerful microprocessor, with at least four or preferably eight Mbytes of internal memory, and an 80 Mbyte hard disk drive. About half of the personal computers sold this year, or about 10m machines, will meet these specifications, IBM estimates. Of the installed base of personal computers, another 10m-20m are capable of running OS/2 according to industry estimates.

Windows will run on lower-cost 286-based personal computers with 2Mbytes of memory. However, the operating system performs best on a 386 with about 4Mbytes of memory. For both operating systems, the minimum hardware requirements depend to a great extent upon how many applications are used and the memory requirements of those programs.

For IBM, any operating system that requires users to upgrade their hardware presents an opportunity for increased hardware sales. "I believe that as the industry moves forward it will provide an opportunity for all hardware vendors to make PCs richer and in that environment IBM will do very well," Cannavino acknowledges.

Indeed, the forthcoming operating systems market battle bodes well for the entire personal computer industry, promises to boost stagnant personal computer sales.

The market battle between IBM and Microsoft will also, however, present personal computer users with software bargains. IBM will offer its OS/2 in the US for $139 to first-time buyers, or $99 to current Dos users and $49 to users of Microsoft Windows 3.0.

Microsoft's Windows 3.1 upgrade price is $50. The true costs of converting to either of the new operating systems will, however, include the price of memory upgrades, if needed. To take full advantage of the systems software, users may also decide to upgrade to Windows or OS/2 versions of applications programs.

Another consideration for personal computer users is the anticipated introduction later this year of "Windows NT", yet another new Microsoft operating system that will be a true competitor with OS/2. Only with its "NT" version of Windows will Microsoft match OS/2's ability to tap the 32-bit processing power of the Intel 486 microprocessor that powers the latest generation of personal computers.

While Microsoft can build upon its past success with Windows 3.0, IBM must recover from the dismal failure of earlier versions of OS/2. Even IBM cannot afford to lose such a high-profile marketing battle.

Why then is the computer giant risking its reputation upon a personal computer program that will surely not reap high profits? The answer lies in IBM's determination to find ways to differentiate its personal computers, which currently represent about half of the computer giant's revenues, from the myriad of "clones" that have transformed the personal computer business into a price-driven "commodity" market. The company that controls the systems software will to a large extent determine the future direction of the entire PC industry.

Smokers sticking to nicotine patch

By Karen Zagor and Clive Cookson

Federal health experts in the US estimate that 1,000 Americans die each day of smoking-related diseases. According to a former surgeon general, the nation's 50m regular cigarette smokers are caught in the grip of an addiction more powerful than heroin. Nicotine patches attached to the upper arm are the latest candidate for a miracle cure.

Unaided, fewer than 4 per cent of smokers kick the habit, according to some estimates. The advent of hypnotism, nicotine-impregnated chewing gum, acupuncture and behaviour-modification therapy have improved the odds, but most would-be ex-smokers still fail.

Nicotine patches, which have been on the market for less than four months, are selling almost as quickly as they can be made. Alza, which makes the Nicoderm patch, said its plant has been operating 24 hours-a-day, seven days-a-week since January to meet demand. In only two and a half months Nicoderm chalked up $60m (£35m) in sales. "We knew that there would be a strong reaction," a company spokeswoman said, "but we did not expect such amazing demand for the product."

The technology behind patches is young, but not new. A patch for motion sickness has been available in the US since 1981. The product looks like an ordinary sticking plaster. It usually has a reservoir to hold the drug, which enters the bloodstream by permeating the skin at a regulated rate.

With traditional tablet medications the drug quickly passes from the intestine to the liver, where enzymes often digest most of the medication before it has had a chance to work. As a result, tablets often contain high concentrations of medicine. Drugs administered through a patch reach the liver at a slower rate, after they have already started to work. Consequently, lower doses can be administered, generally with fewer side-effects.

While nicotine is the addictive ingredient in cigarettes, the biggest risks are associated with the nitrosamines, tars and other particulates unleashed when a cigarette is lit.

By providing smokers with nicotine in a less toxic form the patches give smokers time to change their behaviour and give up cigarettes without suffering the irritability, lack of concentration and other symptoms of nicotine withdrawal.

The overriding advantage of patches over nicotine-impregnated chewing gum is that they are easier to use. While gum allows patients to regulate the nicotine intake, in practice many people trying to give up tend to chew gum maniacally, releasing too much nicotine too quickly and making themselves ill.

The Food & Drug Administration has approved three nicotine patches for prescription sales – Habitrol marketed by Ciba Geigy, Nicoderm by Marion Merril Dow and ProStep marketed by American Cyanamid's Lederle unit. A fourth patch, to be marketed by Warner Lambert, is waiting for approval.

The main difference between the competing patches is the mechanism for controlling entry into the bloodstream. Some, like Nicoderm, have a special membrane which controls the flow of nicotine. Others use the skin itself to control the drug's flow into the bloodstream. The doses also differ; ProStep comes in one strength only, while Nicoderm and Habitrol offer patches with increasingly reduced doses.

The patches seem to be effective. A study of Nicoderm's product, presented last December in the Journal of the American Medical Association, showed that it had a six-week success rate of 61 per cent compared with 27 per cent for the placebo.

After six months, 25 per cent of the patients originally treated with patches were still not smoking compared with 11 per cent of the placebo group. The patches work best for heavy smokers and are not recommended for those who smoke less than one pack a day.

They are also most effective in conjunction with behaviour-modification therapy. ProStep offers free phone therapy from smoking-cessation experts; Lederle has offered to reimburse pharmacists for time spent educating patients.

Stephen Rennard, one of the chief investigators in the transdermal nicotine study group, is enthusiastic about patches as a means of nicotine replacement, but cautions that "this won't cure everybody".

DynaGen, a Massachusetts biotechnology company, is starting clinical trials of an injectable non-nicotine material called NicErase, which it claims will do the same job as the patches. It "eliminates the need for the harmful and addictive nicotine," says Indu Muni, DynaGen president.

BUSINESS LAW

Lessons from Brent Walker

By Julian Maples, Philip Bulley and Dave Wilson

The complex restructuring of the Brent Walker leisure group over the last 17 months was the biggest corporate rescue ever undertaken in the UK.

Little more than 18 months go. Brent Walker employed more than 14,000 people and had an annual turnover of £1.76bn.

The forces that almost drove Brent Walker into receivership are easy to spot with hindsight – the "deal too far" to acquire the William Hill betting shops, over-exposure to the property sector and the impact of rapidly rising interest rates on its debt built up to finance acquisitions in good times.

Emergency measures to deal with the inevitable liquidity crunch – raising £103m by a bond issue, the use of off-balance-sheet financing techniques and concentrating business operations on the generation of short-term cash – side-tracked and exhausted Brent Walker's management. They had only known good times and the rapid change in the company's fortunes quickly turned their apprehension into demoralisation.

The problems facing lead bank Standard Chartered and its advisers were quickly identified. These are, to varying degrees, present in most restructurings of substantial UK corporations:

- the need to tackle public debt with the attendant onerous requirements for public communication and no certainty that the rescue will ultimately succeed;
- the need to assess the qualities of existing management, with the consequence that incumbents may have to move aside in favour of a new team better able to manage a crisis;
- the selection of a cohesive steering committee of banks which can assess at an early stage the full extent of the problems (not always easy where the patient's record-keeping has not been up to scratch) and determine whether the subject of the rescue is a suitable case for treatment or whether some form of insolvency procedure is inevitable. Brent Walker is proof of the belief common among lenders that a controlled wind-down of unprofitable businesses outside the insolvency framework is to be preferred to a receivership or administration where the lenders' direct control would be curtailed;
- the need for a breathing space which will allow for the preparation of a business plan and during which the patient will almost certainly require feeding with new money just to maintain the status quo. This is often the price banks have to pay in order to obtain the security required to put them at the top of the creditor tree.

All of these issues had to be confronted in Brent Walker, but, in addition, there were four specific business problems that had to be resolved:

- the £50m due to Grand Metropolitan from Brent Walker arising from the original purchase of William Hill;
- an unwinding of the ill-fated Walker Power joint venture that owned, among other things, the Trocadero in Piccadilly, London;
- Brent Walker's wish to exploit opportunities presented by the regulatory changes to be introduced in the UK pubs sector. It proposed to enter into a complicated deal with Allied Breweries for the leasing of 734 pubs to Pubmaster Limited. The Brent Walker lenders were, therefore, faced with the unusual problem in a rescue of the patient wishing to develop a core business while in financial difficulties).
- the bond holders who had put up £103m in 1990.

All this was being handled against a background in which the Bank of England was playing a less central role than formerly, relying to a much greater degree on the experience which had been built up among UK clearing bankers and the greater awareness among bankers in the London market of the need to follow "the London Rules".

The principal novel feature of the Brent Walker refinancing strategy was that it had to be agreed in stages. With so many interested parties with entirely separate concerns, it was impossible for Brent Walker to satisfy them all at the same time.

Standard Chartered's masterstroke was to tackle the problems one at a time. Everyone was anxious to ensure that no stone was left unturned, no potential for a negligence action left open. Despite this anxiety, lawyers not usually attuned to the flexibility needed to enable such a step-by-step approach to succeed were able to do so on this occasion.

It became vital in the process to limit the areas which had to be returned to on completion at a later stage. It was essential that only the chief commercial points were understood to be agreed at any stage, and yet that it was also understood that the parties had agreed to agree the minor issues without revisiting major ones.

The process has taken 17 months, while at the same time repairing the enormous damage of the final battle by Brent Walker for survival in something like its original form. The company has undergone a Serious Fraud Office investigation and even managed to implement some of the strategies for the future, such as the deal with Allied Lyons. This deal is itself a first for a company still on its back.

The banks led by Standard Chartered finally agreed to waive their previous requirement that a settlement be reached with Grand Metropolitan prior to completion of the restructuring. The decision was, in effect, to let sleeping dogs lie provided that the ultimate downside could be assessed and contained. This exemplifies another classic lesson in rescues.

One of the last knots was unravelled when Power Corporation acquired the Walker part of the Trocadero and released Brent Walker from its obligations to Walker Power.

The Brent Walker Group has at least until March 1994 to jump its next hurdle, which is the possible refinancing of the William Hill Group.

At the beginning of a rescue, a company's management are exhausted. They have already fought a battle to preserve the company's business and lost. The overriding imperative of those involved in a rescue is to put the company into a position where it can resume operations on a realistic basis.

All else must be subordinated to this purpose. It is the touchstone against which solutions to every problem must be tested. Any solution which endangers this paramount requirement must be discharged. Experience of rescues, large and small, shows that the two most important ingredients of a rescue are likely to be the agreement of the creditors to hold the ring and a change at the company's helm.

Chairmen and chief executives will normally insist that they are the ones to lead the company to better things and it is almost inevitable that, other things being equal, they will be given that chance. Sadly, the record of rescues shows that they were usually wrong to have tried. In this case, the chairman and chief executive voluntarily agreed to relinquish the chair to Lord Kindersley.

From a legal point of view, the plan which had been agreed to many months before could not be implemented until this week. But that was never important. As all discussion inevitably took place under the shadow of the grim reaper of commercial endeavour it was more important that everyone understood at the relevant stage what they would eventually be expected to agree.

Perhaps the last word should be left with Lord Kindersley who concluded his latest circular letter to the group's shareholders by saying of the restructuring: "It would have been a phenomenal achievement at any time, but it is little short of miraculous against the background of the deepest and longest recession of post-war history."

The authors are members of the banking group of City solicitors Theodore Goddard.

PEOPLE

Military precision for Docklands railway

The military are to be drafted in to make the trains run on time on the troubled Docklands Light Railway. Ownership of the notoriously unreliable DLR was yesterday transferred from London Transport to the London Docklands Development Corporation following lobbying by Olympia and York, the beleaguered developers of the huge Canary Wharf office complex.

The new chairman of the DLR, Sir Peter Levene, has turned to the ministry of defence where he was chief of defence procurement from 1985-91 for three of four top managers.

Major-General Malcolm Hutchinson becomes managing director, after a "long and distinguished career in defence procurement". Currently a member of the Defence Prospect Team, much of his career was spent in REME, the army's engineering corps. He was director of procurement strategy at the MoD from 1986-88 and vice master-general of the ordnance from 1988-90. President of the Institute of Electronics and Electrical Incorporated Engineers, Major-General Hutchinson is a member of the council of presidents steering group for the unification of the engineering profession.

The new planning director also comes from the MoD; Stephen French is to be seconded from his work in project finance, public procurement and strategic planning.

The third board member to be appointed yesterday comes from United Scientific Holdings which Sir Peter Levene headed before moving to the MoD. Anthony Jackson, finance director at USH, will be the new finance director.

Another secondee from the defence department, Stephen Gibbs, will head the projects organisation. Gibbs is currently a scientific adviser to the army on research and technology programmes under the title of director science for land systems.

His experience in radar, communications systems, guided weapons and "stealth" bombers will no doubt be invaluable in sorting out the DLR's operating problems, which appear to be largely technical rather than managerial.

Non-executive directors

If the experience of Sir Peter Walker and Norman Tebbit is any guide, ex-Tory cabinet ministers should have no difficulty picking up a clutch of impressive non-executive directorships. There is therefore some surprise at Cecil Parkinson's first foray into the boardroom since being free from Parliament. He has been appointed a non-executive director of Usborne, a relatively small firm of grain merchants and pig producers with a market capitalisation of just £10m and an unimpressive share price record. It is understood that Parkinson and David Frame, Usborne's chief executive, did their chartered accountancy articles together and have known each other for a long time. Parkinson's office said yesterday that he was likely to take up other non-executive directorships. In the meantime his construction expertise should come in handy as Usborne extricates itself from an ill-timed venture into property development.

■ Eric Kinder, chairman of Smith & Nephew, as chairman of MERCHANT RETAIL; Michael Swan, formerly executive chairman, becomes non-executive deputy chairman.

■ Evelyn Matthews, formerly md of Bass (UK), at MARSTON, THOMPSON & EVERSHED.

■ Neville Bowen, chief executive of Citibank Global Asset Management, at IRISH LIFE.

Mounting an assault

Steven Gerard, the new chief executive of Mountleigh, is used to the problems of over-borrowed companies – but from the other side of the desk.

His experience stems from his stint as Citibank's senior managing director responsible for all credit, portfolio and risk management in Europe, North America, Japan and Australia. But the strong link between Mountleigh and Citibank – one of its lead banks – did not influence Gerard's decision, according to Mountleigh.

Gerard sees Mountleigh as a "company with significant economic value which is hampered by the well-documented problems in the property market and an inappropriate debt structure". Indeed, Mountleigh has had a turbulent ride over the past few years as excessive borrowings and difficulties in making property sales hindered its ambitious plans. A £96m rescue rights issue last year sparked controversy because of its unconventional underwriting structure.

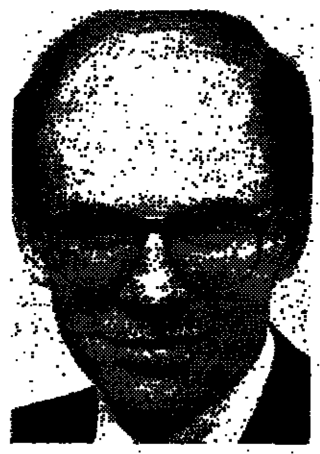
Gerard aims to implement a "strategically focused operating and financial plan which will be satisfactory to all creditors and which will result in maximising value for shareholders". It would include unlocking the value in its property assets and in Galerias, the Spanish department stores.

Now 46, Gerard joined Citibank in 1976 from the American stock exchange where he headed the securities division. At Citibank, he was also head of the national corporate finance division, head of the institutional recovery management group and national head of the leverage capital division.

Charles Stern is joining the board of United Newspapers as finance director with effect from July 1.

A Marlborough college scholar and Cambridge graduate in mathematics and operational research, Stern, 41, had been with Aegis since 1986 as the group's finance director.

It was a successful period for Aegis, which saw turnover growing from £56m to £2.1bn in the six years. The theatre and opera-loving Stern leaves a healthy group behind; his shoes will be tricky to fill but Aegis is already interviewing candidates.



Mengers quits Simpson

■ Johnny Pierre Nicholas Mengers, the colourful pony-tailed chairman of DAKS Simpson, has left the Piccadilly clothing store after 40 years' service. His departure comes just over a year after Simpson's was bought by Sankyo Seiko, the Japanese clothing group.

Mengers was due to retire on reaching 60 next year and his early departure fuelled speculation that there had been some friction between him and the Japanese shareholders. The company yesterday played down the suggestion and said Sankyo Seiko had lived by its promise at the time of the take-over largely to preserve the autonomy of the British management.

Mengers was yesterday unavailable for comment. No announcement has been made about his successor.

■ Ralph Browning, the UK-based chairman of REMY & Associés until its merger with Pavis last December, has retired from his executive responsibilities with the group. He will remain a director on the main Rémy Cointreau board.

■ John Aries-Tyler has resigned from FRANK USHER HOLDINGS.

■ The Hon Edward Davies and Derek Baer have retired from TEMPLE BAR INVESTMENT TRUST.

■ Richard Hurst has resigned from CAPITAL RADIO.

CONTRACTS & TENDERS

INVITATION FOR BIDS
Loan No. : 2602 TU
Order No. : 114-ISB/DIB-260
Date of Issuance: 3/4/1992
Bid Submission Date: 18/5/1992

1. The TURKISH ELECTRICITY AUTHORITY, hereinafter referred to as TEK, has received a loan amounting to 140.000.000 USD from the WORLD BANK in various currencies towards the cost of Power Systems Operations Assistance Project and part of the proceeds of this loan will be applied to eligible payments under the Contract(s) for which this Invitation For Bids is issued.

2. The TURKISH ELECTRICITY AUTHORITY now invites sealed bids from eligible Bidders for supply of complete apparatus and equipment for distribution systems. All the above equipment shall be supplied according to the Bidding Documents. Each bidder may submit a bid for any item of instruments or combination of items. All bids and combination of bids shall be opened and evaluated simultaneously in order to determine the bid or combination of bids offering the most advantageous solution for TEK. The bidders shall be allowed to offer a discount price for the combination of the contract.

3. Interested eligible Bidders may obtain further information from and Inspect the Bidding Documents at the office of:
TURKISH ELECTRICITY AUTHORITY
General Management
Commercial Affairs Department
Inönü Bulvari No: 27 Kat: 1
Bançelievler Son Durak
ANKARA/TURKEY
Telex: 42245 tek tr

4. A complete set of Bidding Documents may be purchased by any interested eligible Bidder on the submission of a written application to the above office and upon payment of a non-refundable fee of 50 USD or 300,000 TRL (excluding VAT) at the following address:
TURKISH ELECTRICITY AUTHORITY
General Management
Department of Finance
Inönü Bulvari No: 27 Kat: 4
Bançelievler Son Durak
ANKARA/TURKEY
Those Bids submitted by the Bidders who did not purchase the Bidding Documents shall be rejected.

5. All Bids must be accompanied by a bid security in an acceptable form of not less than 3% (three percent) of the bid price and must be delivered to the above office on or before 12.00 hours on 18.05.1992.

6. Bids will be opened in the presence of the Bidders' representatives who choose to attend at 14.00 hours on 18.05.1992 at the offices of:
TURKISH ELECTRICITY AUTHORITY
General Management
Procurement Commission
Inönü Bulvari No: 27
Entrance Floor Block A
Bançelievler Son Durak
ANKARA/TURKEY

7. BILL OF MATERIALS

BILL OF MATERIALS	Quantity
1 - Double sheave blocks 50 mm	300
2 - Double sheave blocks 100 mm	300
3 - Triple sheave blocks 50 mm	225
4 - Triple sheave blocks 100 mm	225

LEGAL NOTICES

NO. 00789 of 1992
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
THE HONOURABLE MR JUSTICE MUMMERY

MONDAY THE 2ND MARCH 1992
IN THE MATTER OF WESTERN SELECTION P.L.C.
AND
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 2nd March 1992 confirming the reduction of the capital of the above-named Company from £4,000,000 to £2,000,000 and the reduction of the Share Premium Account of the above-named Company by £726,600 was registered by the Registrar of Companies on 16th March, 1992.
DATED this 2nd day of April, 1992
Macfarlanes
10 Norwich Street
London EC4A 1BD
(Ref: AZL/522453)
Solicitors for the above-named Company

FLOPPY TOYS (UK) LIMITED
NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above named company will be held at The Wessex Hotel, West Cliff Road, Bournemouth, Dorset on Friday 3 April 1992 at 11.30 am for the purposes mentioned in Section 99 to 101 of the said Act.
A list of the names and addresses of the company's creditors may be inspected free of charge at Cork Gully, Hill House, Richmond Hill, Bournemouth, Dorset BH2 6HS between 10 am and 5 pm on Wednesday 1 April 1992 and Thursday 2 April 1992.
Creditors wishing to vote at the meeting must (unless they are individual creditors attending in person) lodged their proxies at Cork Gully, Hill House, Richmond Hill, Bournemouth, Dorset BH2 6HS no later than 12 noon Thursday 2 April 1992.
Dated this 4th day of March 1992
BY ORDER OF THE BOARD
S. MUSGRAVE, Director

W.E.D. NORTH & SONS LIMITED
Registered No: 2272249
NOTICE IS HEREBY GIVEN, pursuant to section 98 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above-named company will be held at: Haydock Park Racecourse Conference Centre, Newton-Le-Willows, Merseyside WA12 0HQ on 6 April 1992 at 10.30 pm for the purposes mentioned in sections 99 to 101 of the said Act.
A list of the names and addresses of the company's creditors may be inspected free of charge at: 43 Temple Row, Birmingham B2 5JT between 10.00 am and 5.00 pm on 2 April 1992 and 3 April 1992.
DATED - 23 March 1992
By order of the Board
B P Green, Director

Notice of Creditors and Members of Administrators proposals.
GLADDING SECURED CONTRACTORS PLC
Notice is hereby given that a meeting of creditors of the above company is to be held at 10:30 am on 14 April 1992 at Friary Court, 65 Crutched Friars, London EC3N 2NP to consider the proposals of the Joint Administrators, under Section 23(1) Insolvency Act 1986 and to consider establishing a committee of creditors.
In accordance with Section 23(2)(b), Insolvency Act 1986, members of the above companies may obtain, free of charge, a copy of the statement of the Joint Administrators' proposals from Friary Court, 65 Crutched Friars, London EC3N 2NP.
C MORRIS and R A POWDRILL
Joint Administrators

Notice of appointment of Joint Administrative Receivers
MR DE MEY (BUILDERS) LIMITED
Registered number: 1676186. Nature of Business: Building contractor. Trade classification: 23. Date of appointment of joint administrative receivers: 20 March 1992. Name of person appointing the administrative receivers: National Westminster Bank Plc.
N J VOOGHT & P G PORTER, Joint Administrative Receivers (Office holder no(s) 6339 & 2691) Melrose House, 42 Dingwall Road, Croydon, Surrey CR0 2NE

RONFARM LIMITED
Registered No: 2340560
NOTICE IS HEREBY GIVEN, pursuant to section 98 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above-named company will be held at: Haydock Park Racecourse Conference Centre, Newton-Le-Willows, Merseyside LA12 0HQ on 6 April 1992 at 11.30 am for the purposes mentioned in sections 99 to 101 of the said Act.
A list of the names and address of the company's creditors may be inspected free of charge at: 43 Temple Row, Birmingham B2 5JT between 10.00 am and 5.00 pm on 2 April 1992 and 3 April 1992.
DATED - 23 March 1992
By order of the Board,
B P Green, Director

TEMPLEMAN SHOPFITTERS LIMITED
Registered No: 2290593
NOTICE IS HEREBY GIVEN, pursuant to section 98 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above-named company will be held at: Haydock Park Racecourse Conference Centre, Haydock Park Racecourse, Newton-Le-Willows, Merseyside LA12 0HQ on 6 April 1992 at 12.30 am for the purposes mentioned in sections 99 to 101 of the said Act.
A list of the names and address of the company's creditors may be inspected free of charge at: 43 Temple Row, Birmingham B2 5JT between 10.00 am and 5.00 pm on 2 April 1992 and 3 April 1992.
DATED - 23 March 1992
By order of the Board,
B P Green, Director

In the matter of
COMPEX BUSINESS SYSTEMS LIMITED
and in the matter of the Insolvency Act 1986
Registered number: 2036667. Trading name: Compex. Nature of Business: Computer services. Trade classification: 36. Date of appointment of joint administrative receivers: 25 March 1992. Name of person appointing the administrative receivers: National Westminster Bank Plc.
J M IREDALE & N J VOOGHT, Joint Administrative Receivers, 9 Greyfriars Road, Reading, Berkshire RG1 1JG

MEETING OF CREDITORS
Pursuant to Sections 98, 99, 100 and 101 of The Insolvency Act 1986
CURICLES PLUS LTD
NOTICE IS HEREBY GIVEN pursuant to Section 98 of The Insolvency Act 1986 that a meeting of the creditors of the above named Company will be held at Westminster Chamber of Commerce, 177 Regent Street, London W1R 8DJ on 13th April 1992 at 2.30 p.m. for the purposes provided for in Section 98 et seq.
A list of names and addresses of the above Company's Creditors can be inspected at the offices of Latham Crossley & Davis, 48 Conduit Street, London W1R 9FB, between the hours of 10.00 am and 4.00 pm on the two business days preceding the Meeting of Creditors.
Dated this 27th day of March 1992
Charles R. Smith, Director.

Notice of appointment of Joint Administrative Receivers
EYNSHAM PROJECT ENGINEERING LIMITED
Company number: 2135428.
We, J M Iredale and N J Vooght of Cork Gully, Harman House, 1 George Street, Uxbridge UB8 1QQ, were appointed joint administrative receivers of Eynsham Project Engineering Limited by Hill Samuel Bank Limited on 24 March 1992.

CHECKHEATH LIMITED
Registered number: 1392258.
Trading name: SYNDICATE.
Nature of business: RETAILERS OF CLOTHING.
Trade classification: 17.
Date of appointment of administrative receiver: 23rd March 1992.
Name of person appointing the administrative receiver: MEGHRAJ BANK LIMITED.
SURJIT KUMAR SINGLA Administrative Receiver (office holder no. 285) of 43 Queen Victoria Street, London, EC4N 4SA.

ART GALLERIES

MARLBOROUGH 6 ALBEMARLE Street, London W1. ANDRZEJ JACKOWSKI Paintings 1982 to 1992. 20 March - 25 April 1992. Mon-Fri 10-5.30 Sat 10-12.30. Tel. 071 629 5161

ARTS

CINEMA

A letter to Oscar

Dear Oscar,

What a pleasure to see you in action again. Watching you on television the other night, I was glad to see that you are as bronzed and fit as ever, despite so much pawing by the great and famous.

One or two points about the 1992 awards. I was intrigued and pleased to see *The Silence Of The Lambs* sweep five top prizes, although the selection of this idiosyncratic horror film by the normally conservative Academy surprised me. Frankly – I might as well come out with it – I suspect there was an element of homophobic counter-attack here. All those gay demonstrators converging on the Oscars gala to protest about Hollywood's obsession with gay or bisexual killers, as instanced in *Silence*: here was a chance for the Academy to stand up in full evening wear, stiffen its sinews (under the guise of a "liberal" choice) and say "Ya boo" to them.

Unfair? Well, Oscar, you were there. But never mind: I am quietly delighted, as every Briton should be, at the same film allowing best actor Anthony Hopkins to make it three in a row for the UK. The Welsh wizard made a meal of Hannibal Lecter, who in turn was so touchingly keen to make a meal of everyone else. The progression of these Oscar-winning British roles, I must note, is becoming some what alarming. From the innocence of a handicapped Irish poet (Daniel Day Lewis) to a suspected wife-poisoner (Jeremy Irons) and now to a cannibalistic serial killer. If Britain is to make it four in a row, it is probably time to get Alan Rickman into costume for the Marquis De Sade.

I was disappointed in the actress awards. Jodie Foster has won it before, for a more challenging role in *The Accused*, and I thought Mercedes Ruehl was over-the-top in *The Fisher King*. But dear Jack Palance! The man with the snake-hiss voice and the face like the back end of a container truck was a delight in *City Slickers*. And he gave the awards night audience what they wanted: the sight of a 70-year-old actor doing press-ups. More inspiring to most of us than those garish song-and-dance numbers with which you started and intermittently punctuated your show.

No, no, Oscar, I am not getting into a quarrel. Nor am I suggesting that you imitate the etiolated dullness of your cousin Bafta. He is not looking at all well. The other evening he was reduced to a haggard mask waved about in the air by Michael Aspel. When handed over for further brandishing to the Best Actor and Actress, he began to look particularly green about the gills.

I shall get into trouble for writing this, of course. We take our native screen awards seriously here, although few people sit through an entire evening of them in any comfort. All those prizes given to long-serving TV producers no one has heard of, to ageing actor-knights still ambulant enough to collect them, and to lovable international female stars from an era when we actually had such things.

So many speeches, so much crepitation of freshly-opened envelopes. So much clapping of the winners by the telegraphically generous losers. Is there any chance we could end all this, Oscar? That cinema could be return to being an art rather than a horse race? That we could turn our back on all that glitters in pursuit once more of what is truly gold?

You do not have to answer immediately. I am arranging a small secret dinner on the Cayman Islands for you and Bafta in which we could discuss this. It will be a quiet affair: just a few hours of good food and entertainment hosted by Billy Crystal, directed by Busby Berkeley and with the menu courses read out by Goldie Hawn and Sir Richard Attenborough.

I close the envelope,
Best, Nigel Andrews

* * *

DECEIVED (15)
Damian Harris

KUFFS (15)
Bruce E. Evans

SCORSESE TIMES 4
Martin Scorsese

LA BELLE NOISEUSE DIVERTIMENTO (15)
Jacques Rivette

By a strange coincidence Miss Hawn is on view this week in *Deceived* (15, Odeon West End). It is often said that there are only four basic plots in the world. If so, this thriller written by Mary Agnes Donoghue and directed by Damian Harris (*The Rachel Papers*) consists of all of them put into a blender together and sliced into tiny screaming pieces.

We begin romantically with Miss Hawn marrying gentle art curator John Heard. We move into mystery with her suspicion that her husband is playing hookey. We shift into grief when he "dies" in a car accident. Then we gear-crash into Grand Guignol as Hawn and the true villain chase each other through a darkened warehouse.

Amazingly the actress's expression never changes. The wide-eyed gosling features peer through the Niagara of hair, the voice tastes the dialogue ruminatively as if it were a suspicious dish (it is), and sometimes a small scream and hop will be managed in deference to a dramatic moment: say, the discovery of a corpse. If this is acting, I think I could have a go myself. Much better is Mr Heard who is an eerie Mr Nice and might be – I am giving nothing away – an equally eerie Mr Nasty.


Goldie Hawn in Deceived

Deceived is entertaining even when it is foolish. *Kuffs* (15, Cannon Haymarket) is stupefying even when it manages small moments of intelligence. Watching this police thriller written and directed by Bruce E. Evans is the aesthetic equivalent of swallowing a bottle of aspirins and then hitting yourself on the head with a coal shovel to make sure.

Across San Francisco swarm the men in dark blue, led by plain-clothes irregular Christian Slater who hopes to avenge his policeman brother's brutal death. A preening Mr Big (George De La Pena) dances across the city saying "Catch me". But the equally preening Mr Slater is too busy talking to the camera and perfecting his Jack Nicholson impersonation to devote himself as he might to the chase. It all ends in a warehouse, as things do in action films, and only careful traffic direction probably prevented Slater and company running into Hawn and company

At least in an imperfect world there is Martin Scorsese. *Scorsese Times 4* (ICA) is a programme of his early short films: the kind of potentially embarrassing work that many film-makers would like to wrap in a sack, weight with a stone and throw into the nearest river.

But the director of *Taxi Driver* and *GoodFellas* has nothing to be ashamed of in *What's A Girl Like You Doing In A Place Like This?*, *It's Not Just You, Murray!*, *The Big Shave* and *Italianamerican*. The films get longer as the titles get shorter. But *longueurs* themselves do not exist in Scorsese. Here is rapid cutting and balletic camera movement. Here are visual jokes Woody Allen might covet, like a prisoner's Italian Ma trying to push a forkful of spaghetti through the interview-room grille. And here are the nervy characterisation and crisis-point plotting – a con man running out of luck, a shaving session that becomes a suicide ballet – that have allowed Scorsese to create the closest thing American cinema has to modern tragedy.

Finally, for the devout: two hours of *La Belle Noiseuse Divertimento* (15, Minema) to add to the four hours of *La Belle Noiseuse*. Painter Michel Piccoli once more sets out to eternalise a nude Emmnanuelle Beart while wife Jane Birkin jealously looks on. Director Jacques Rivette here offers a reshuffled version as well as a (contractually obliged) shorter one. It is an offer few Rivette fans could refuse. But if there are any more variations on who does what to whom in this time-devouring, intrigue-ridden French mansion we may have to summon H. Poirot or J. Maigret.

Nigel Andrews

Henry IV Part 1

Adrian Noble's production of *King Henry IV* opened unevenly at Stratford a year ago, but improved considerably as the season went on and fell into shape when we saw *Part 2* a few weeks later. *Part 1* has now arrived at the Barbican and looks better than ever.

One of the reasons is the maturing of Robert Stephens's Falstaff. In the early days at Stratford, he seemed altogether too clean and too likeable. Although he drank a lot, he did not seem vastly to overdo it. He was more a cynic than a coward. I compared him at the time to a QC at the Old Bailey. Now he has grown fatter and more dissolute. No one seeing this production will be tempted to come down entirely on his side. The sight of Falstaff sticking his sword in the already dead Hotspur at the end is thoroughly unpleasant, and rightly so.

The production as a whole has become much more structured. Partly this is because of the size of the Barbican stage. There is room to let the play develop and give it its full historical sweep: room, too, for point and counterpoint. An obvious example is the mock trial where Falstaff plays the king passing judgment on Prince Hal. It is much more poignant than at Stratford precisely because it is not cluttered: the whole stage is not used here, leaving a void to suggest what a small part of the world is the inn at Eastcheap.

A smaller but no less telling illustration is the symmetry between Hotspur and Mortimer saying goodbye to their wives before setting off to battle. They are quite beautifully juxtaposed.

Symmetry indeed has become the key note of the production. Julian Glover's king ponders on the similarities between his own ascent to the throne and the possibility that he will be overthrown in turn. He envies the one-time king-maker, Northumberland, because his son, Hotspur, seems so much more born to the role of king than Hal, the heir apparent. Michael Maloney's Hal broods on the comparison that he knows his father makes.

At the same time, both the king and Hal are essentially peace-loving at heart, if only because the king has learned from experience the bitterness of civil war. All that comes out more clearly at the Barbican than it did at Stratford. The battle scenes are also more subtly bandled: some of the pointless thrashing about in the dark has been eliminated.

It is possible that I over-praise because I know from Stratford how Noble develops his themes in *Part 2*. Rarely can the two parts have been played together so well. After 3¼ hours at the Barbican it seemed as if the second interval had arrived and one could have gone straight into the second part when the king comes into his own and you realise that he is the dominant figure of his age.

But for that you will have to wait a few more weeks. For my part, I look forward to Maloney playing Henry V.

Malcolm Rutherford

The Barbican Theatre
In repertory until June 13
Box Office 071-638 8891

Bavarian State opera, Munich

Dimitrij

Andrew Clark

This was not the triumphant vindication of Dvořák's grand Russian opera for which many had been hoping and which the work has long deserved. It amounted to little more than a swift succession of bleeding chunks, hacked from Milan Pospíšil's new edition of the original 1882 score (not credited in the programme book) and stitched together with a German translation to make just over two hours of music.

The perpetrator of this crude musical butchery was Gerd Albrecht, who crippled Tchaikovsky's *Maid of Orleans* in exactly the same way in Munich two seasons ago, and then walked out of this *Dimitrij* production after the first day of rehearsal because of disagreements with the producer, Tony Palmer. Albrecht's complete recording with Czech forces has just been released on Supraphon, and may offer some mitigation. But if he has such little confidence in the score, why did he agree to conduct it in the theatre? *Dimitrij* needs all the help it can get, but not this kind of condescending treatment.

The opera picks up the story of the Polish Pretender to the Tsarist crown after the death of Boris Godunov, and nicely complements the Mussorgsky work in the current Munich repertory.

The Munich production was too fragmented to allow the long melodic arcs and breathtaking choral tableaux to be heard in their proper context. Too often one extended scena would come to an abrupt end, only to give way instantly to another, with no linking material.

In the circumstances, the young Russian stand-in conductor, Nicholas Ulyanov, did a competent job, though there was not the sense of engagement that comes from long study of a score, nor the necessary choral attack and variation of orchestral dynamics.

But the production had been well cast. The title role calls for a dramatic tenor who can sing with Italianate lyricism and agility, and Ben Heppner met the requirements perfectly. His voice has a Domingo-like fluidity, but it is tighter, with a cutting edge that pierces the thickest orchestral climaxes. He knows how to colour the words, and cuts a big, commanding figure without seeming ungainly - unlike the Marina, Luana DeVol.

The other saving grace of the performance was the poised, pretty Xenia of the Slovak soprano, Livia Aghova, who is probably the Rusalka of our dreams. The remaining principal roles - particularly Shuisky (Gottfried Hornik) and Marfa, beautifully sung from the side of the stage by Pamela Coburn while the indisposed Livia Budai acted the part - were reduced to a cipher.

Edinburgh Festival

There are four themes running through this year's Festival, the first under the stewardship of Brian McMaster, formerly controller of the Welsh National Opera.

The most obvious is the music of Chaikovsky. A retrospective embraces 30 events. The highlights are a concert performance of his rarely staged opera *The Oprichnik* by Scottish Opera on August 20th; his *Cantata Moscow* on September 3rd; and a re-creation of his original opera and ballet double bill *Yolanta* and *The Nutcracker* from August 26-29.

Another theme is a series of five concerts featuring music by Scottish composers, including the Scottish première of James McMillan's *Percussion Concerto* performed by Evelyn Glennie.

Drama sees retrospectives devoted to the work of Harley Granville Barker, including his three major works, *The Voysey Inheritance*, *The Madras House* and *His Majesty*, and of the Glasgow born playwright C. P. Taylor. The National Theatre brings Lope de Vega's *Fuente Ovejuna*.

Details from Festival Office, 21 Market Street, Edinburgh EH1 1BW (Tel: 031 226 4001).

Adelaide Festival

Antony Thorncroft

Lithuanian actors throwing sugar lumps around the stage; Japanese actresses ensnaring each other with scarlet cords; Australians gang-banging an Aboriginal girl – it must be an arts festival. Indeed it is, and still one of the leading runners in an over-crowded field.

The Adelaide Festival has been around long enough to get most things right. It happens every two years, which allows time for anticipation; it changes its director each festival, which stimulates fresh ideas; it is held in a city with a reputation for puritanism, which encourages creative conflict; and it takes place in a *beautiful place in late summer*, which ensures the enthusiastic co-operation of international artists.

This year's director, Rob Brookman, reckons that Adelaide has the edge over Edinburgh. It is certainly larger – a turnover of A$8.5m finances 700 performances – than its northern rival, but it does not quite have the same buzz.

Its fringe is smaller and less effervescent, and Adelaide does not attract the street performers, the specialist book, film, and television festivals running in tandem, the foreign tourists, the excesses which make Edinburgh supreme.

But on three successive nights in Adelaide I saw plays which for intensity and variety could not be matched anywhere in the world.

The Square, by the State Theatre of Lithuania, seems at first to be a caricature of East European drama. It is set in a Gulag, features an unnamed, uncharged, prisoner, and even has a goose-stepping, klaxon-honking guard to dictate the stage. Then there is the girl, who perhaps exists in his fantasy, whom he somehow communicates with, who eventually comes to visit him.

There is thankfully little respect for reality in *Woven Hell* by the Japanese writer Rio Kishida, which pursues a fascinating path between the arcane ritual of Noh and Kubuki and modern Japanese drama which has drunk deeply from western Expressionism.

From the mesmerising music, through the darkness penetrated by spotlights on the actors faces, with poetic repetetive chanting, a tale of revenge is enacted in another prison, this time a silk factory where young women are forced to weave by day and entertain men by night. Into this mysterious dungeon wanders Cocoon, a young women clutching a knotted cord. Undo the knots and you regain your memory, and control over your life.

Cocoon is seeking her mother among the spinners, but as she manages to unravel the cord she remembers that her mission is to kill her mother in revenge for the murder of Cocoon's lover.

The linguistic metaphors may be lost on westerners, although the plangent music and knell like voices convey enough symbolic meaning, but the visual metaphors are very powerful as Cocoon offers the cord to the trapped and numbed women.

Eventually it is grasped by her mother, who, as Cocoon pulls her remorselessly towards her, remembers her crime. The cord becomes a cats cradle that suffocates the mother, and eventually the guards, as the women recover their histories and their freedom.

There is no interval either in *funerals & CIRCUSES*: instead the audience is treated to a talent contest complete with raffle. This is a good example of the Australian love of walkabout, a peripatetic performance of a play by the aboriginal Roger Bennett to music by Paul Kelly, reckoned to be Australia's leading contemporary singer-songwriter.

We start at the bar of the tiny Theatre 62 then jostle into a room decked out as a chapel where Ben Bean, played by Bennett, is to marry his young, white girlfriend, much to the disgust of her policeman father and the other residents of a small outback town. Then it is back to the main auditorium.

What follows is a dissection of Australian society you don't see on the television soaps: the racial conflict on the edge of the bush with the aboriginals very much the outsiders.

While the whites enjoy their circuses, the blacks put all their life into funerals as the body of a murdered youth is carried, with ritualistic moaning, back to the "chapel" for another ceremony. Some of the performances were soft; the plot was pretty predictable (very black and white), but the emotions underlying the piece obviously gripped the players and the audience.

All three plays should travel the world. They demonstrate Adelaide's success in delving below "high art", capturing ground from the so called "Fringe". Perhaps in reaction the Fringe here goes totally ape, forming a boisterous, convivial, non-stop party, based around the Lions Arts centre. Here you find familiar Edinburgh faces such as Dillie Keane, Lily Savage, and Stomp, along with acts preparing for Edinburgh like Syudney Front, a performance art troupe which threatened to go beyond the limit but actually stayed very structured. OK, so in its version of *Don Juan*, an actor stands naked while an actress powders and primps his penis while an actress strips off beseeching someone to ravish her.

But all the time the audience is shepherded carefully around the acting space and the barrier between performers and punters is never bridged. When a member of the audience is persuaded to strip naked and stand stationary for two minutes while the cast disappear for a break the feeling of control becomes paramount. The confined space, the darkness, the physicality of the players, promise tension but, performed against a distorted recording of Mozart's *Don Giovanni*, what begins as a threatening experience degenerates into an organised walk.

INTERNATIONAL
ARTS GUIDE
TODAY'S EVENTS

■ AMSTERDAM

Concertgebouw 20.15 Riccardo Chailly conducts the Royal Concertgebouw Orchestra in music by Ives, Varèse and Schat, repeated tomorrow. Sat: Mendelssohn's Elijah (6718 345)

■ BARCELONA

Gran Teatre del Liceu 21.00 Richard Bonynge conducts first night of Giancarlo del Monaco's new production of Maria Stuarda. Runs with alternating casts till April 11, with next performances on Sat and Sun (412 1466)
Palau de la Musica 20.00 Four trombonists from the Barcelona City Orchestra present an evening of music by Pergolesi, Berlioz, Serocki and others. Tomorrow, Sat and Sun morning: Leopold Hager conducts works by Beethoven, Mozart and Mendelssohn (268 1000)

■ BERLIN

Schauspielhaus 20.00 Bernhard Klee conducts the Berlin Symphony Orchestra in Ravel's Mother Goose, Schumann's Piano Concerto (Peter Rösel) and Dvořák's Eighth Symphony, repeated tomorrow and Sat. Sun: Bach's St John Passion (East Berlin 2090 2156). Sat and Sun in SFB Grosser Sendesaal: Berlin Radio Symphony Orchestra (West Berlin 3025 054)

Philharmonie Kammermusiksaal 20.00 Philharmonia Quartet plays string quartets by Haydn, Schumann and Beethoven. Sat: Melba Tuba Quartet and others in a mixed programme of classical and jazz music (West Berlin 2548 8232)

Staatsoper unter den Linden 19.30 Der Freischütz. Tomorrow: Die Zauberflöte. Sat: revival of Harry Kupfer's production of Salome. Sun: Sleeping Beauty (East Berlin 2004 762)
Komische Oper 19.00 Tom Schilling's production of Romeo and Juliet, ballet by Prokofiev. Tomorrow: Orfeo ed Euridice. Sat: Carmen. Sun: Giustino (East Berlin 2292 555)

■ BONN

Oper 20.00 Julius Rudel conducts Graham Vick's production of La bohème, also Sat. Sun: first night of Vathek, new ballet production by Youri Vamos (773667)

■ CLEVELAND

Severance Hall 20.00 Heinz Holliger conducts the Cleveland Orchestra in works by Schumann, Stravinsky and Holliger. Repeated tomorrow and Sat (231 1111)

■ COPENHAGEN

Royal Theatre 20.00 Bournonville Festival: tonight's triple bill consists of The Conservatoire, The Flower Festival of Genzano and The Kermesse at Bruges. Tomorrow: A Folk Tale. Sat: Bournonvilliana. Three Bournonville exhibitions have been organised as part of the festival, at the Museum of Decorative Art, Thorvaldsen's Museum and the Royal Theatre (3314 1002)
Radiohusets Koncertsal 20.00 Leif Segerstam conducts the Danish Radio Symphony Orchestra in Britten's Piano Concerto (soloist Leif Ove Andsnes) and Sibelius's First Symphony (3110 1622)

■ LONDON

THEATRE

● The Winter's Tale: Annabel Arden directs Theatre de Complicité's production of Shakespeare's play. Runs till May 2 (Lyric Hammersmith 081-741 2311).

● Reflected Glory: Albert Finney and Stephen Moore star in Ronald Harwood's play about two brothers attempting reconciliation after an argument which drove them apart ten years earlier. Directed by Elijah Moshinsky. Currently previewing, Press night next Tues (Vaudeville 071-836 9987).

● Pygmalion: Howard Davies directs Alan Howard as Professor Higgins and Frances Barber as Eliza Doolittle in Shaw's classic about the re-education of a cockney flower-seller. Starts previewing tomorrow, Press night next Thurs (National Theatre 071-928 2252).

● The Virtuoso: the Royal Shakespeare Company's new season in the Barbican Pit opens tonight with Thomas Shadwell's 17th century satire on sex and science, starring Saskia Reeves and Richard Bonneville. The Barbican main theatre has Henry IV Part 1, followed later next week by The Alchemist, Ben Jonson's satire on greed (071-638 8891).

MUSIC AND DANCE

Sadler's Wells 19.30 White Oak Dance Project with Mikhail Baryshnikov, also tomorrow and Sat, plus next Tues, Wed, Fri, Sat, Sun (071-278 8916)
Coliseum 18.15 Mark Elder conducts first night of David Pountney's new ENO production of Don Carlos. Runs till May 14, with next performance on Sat. Tomorrow: Il barbiere di Siviglia (071-836 3161)
Covent Garden 18.00 Michel Plasson conducts revival of John Cox's production of Guillaume Tell. Five further performances till April 20. Tomorrow: Death in Venice. Sat: Les Contes d'Hoffmann (071-240 1066)
Barbican 19.45 Kent Nagano conducts the LSO in Boulez's Memoriales, Beethoven's Fifth Piano Concerto (Alfred Brendel) and Bartók's Miraculous Mandarin suite. Sat: Richard Hickox conducts Bach's St Matthew Passion (071-638 8891)
Royal Festival Hall 19.30 Simon Rattle conducts the CBSO in Schoenberg's Pierrot Lunaire (Elise Ross), Prokofiev's First Piano Concerto (Emanuel Ax) and Debussy's Images. Tomorrow: Mark Wigglesworth conducts the LPO. Sat: Kathleen Battle sings Duparc and Strauss (071-928 8800)

■ NEW YORK

Carnegie Hall 20.00 Daniel Barenboim is conductor and soloist with the Chicago Symphony Orchestra in Beethoven's Leonore Overture No 3, Mozart's Piano Concerto No 17 and Strauss' Ein Heldenleben. Tomorrow: Barenboim conducts Ravel's Bolero and Corigliano's First Symphony (247 7800)
Metropolitan Opera 20.00 Le nozze di Figaro, with Benita Valente, Dawn Upshaw, Frederica von Stade, Jorma Hynninen and Ferruccio Furlanetto. Tomorrow: Elektra. Sat afternoon: Billy Budd. Sat evening: La fanciulla del West (362 6000)
State Theater 20.00 St Petersburg National Opera (formerly Maly Theatre) in Rimsky-Korsakov's Golden Cockerel, also tomorrow. Sat afternoon and evening, also Sun afternoon: Boris Godunov. These are the final performances of the company's New York season (307 4100)

■ PARIS

Théâtre des Champs-Elysées 20.30 Stanislaw Skrowaczewski conducts the Orchestre National de France in Weber's overture Der Freischütz, Chopin's Second Piano Concerto (Nelson Freire) and Strauss' Ein Heldenleben (4720 3637)
Opéra Bastille 20.30 Song recital by mezzo soprano Doris Lamprecht. Tomorrow and Mon: Pavarotti in Un ballo in maschera
Auditorium, Forum des Halles 19.00 Piano recital by Johan Schmidt, 1989 Tokyo International Prizewinner (4028 2840)

■ ROME

Teatro Olimpico 21.00 Piano recital by Barry Douglas, with music by Shostakovich, Schoenberg and Chopin (323 4890). Tomorrow in Teatro dell'Opera: Georges Prêtre conducts first of five performances of Verdi's Requiem (488 3641)

■ VIENNA

Staatsoper 19.00 Bruno Weil conducts Die Entführung aus dem Serail, also Sun. Tomorrow: Tosca. Sat: Khovanshchina with Nicolai Ghiaurov (51444 2960)
Konzerthaus 19.30 Scharoun Ensemble of the Berlin Philharmonic plays octets by Hindemith and Schubert. Tomorrow: Ensemble Modern plays works by Schoenberg, Satie and Debussy (712 1211)
Musikverein 20.00 Yuri Ahronovich conducts the Vienna Symphony Orchestra, with Vladimir Krainiev piano soloist. Repeated tomorrow and Sat (505 8190)

European Cable and Satellite Business TV
(all times CET)

MONDAY TO FRIDAY

CNN
2000-2030, 2300-2330 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman

Super Channel
0830-0900 (Mon) FT East Europe Report – weekly indepth analysis from FTTV
0830-0900 (Tues) Spiegel TV – Intl Report – the real world of documentary
2130-2200 (Tues) Media Europe – what's new in European media business
2130-2200 (Wed) FT Business Weekly - global business report with James Bellini
0830-0900 (Thurs) Media Europe
2130-2200 (Thurs) FT Eastern Europe Report
0830-0900 (Fri) FT Business Weekly
2130-22.00 (Fri) Spiegel TV – Intl Report

Sky News
0130-0200 (Mon), 2130-2200 (Thurs), 0530-0600 (Fri) FT Business Weekly

SATURDAY

CNN
0900-0930 World Business This Week - a joint FT/CNN production
1900-1930 World Business This Week

Super Channel
1930-2000 FT Eastern Europe Report

SUNDAY

CNN
1030-1100, 1800-1830 World Business This Week

Super Channel
1800-1830 FT Business Weekly

Sky News
1330-1400, 2030-2100 FT Business Weekly

FINANCIAL TIMES
Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700
Thursday April 2 1992

Better late than never

RUSSIA's reformers have been understandably frustrated by the slow response of the west to their pleas for help; but yesterday's package was worth waiting for. Western money alone cannot solve the economic problems that the ex-Soviet states are facing. But they have little chance of solving these problems without it.

What the Russian government has wanted most in recent weeks has been a positive signal of support from the west. The proposed $18bn package of aid and trade credits and a further $6bn stabilisation fund together provide an unexpectedly generous show of support. They will prove an invaluable weapon for Mr Boris Yeltsin and his allies in their efforts to prevent their reforms being derailed by the growing internal opposition.

But Mr Yeltsin needs more than promises. While the western governments, and particularly the US, have been agonising over how to respond to cries for support, the economic situation in Russia has been deteriorating rapidly. In the weeks following the January price liberalisation, it appeared that inflation had been brought under control. But monetary policy has been relaxed in recent weeks and inflation is rising.

Maintaining the momentum of reform is essential. The next phase of liberalisation, planned for the end of April, will free almost all prices, including energy prices. The impact on living standards will be severe. But the pain will be even greater if the current, grossly-undervalued exchange rate, continues to depress real wages.

To attempt this next phase of liberalisation without first putting the stabilisation fund in place would be foolhardy. Unless the rouble is first stabilised at a more realistic rate, the likely outcome of raising prices will be an offsetting rise in wages and a wage-price spiral. The group of seven industrialised countries must deliver on its stabilisation fund pledge by the begining of May, if not earlier.

In short, the G7 cannot afford to wait for Russia's full IMF membership to be approved. The G7 is quite right to require IMF approval for the Russian stabilisation plan. Moreover, IMF officials must be in place to monitor its implementation from the outset. But to delay stabilisation support until June or even later would be both damaging and unnecessary.

A well monitored macroeconomic stabilisation programme is only part of the solution to Russia's economic mess. Aid should be conditional on a rapid and radical reform of the tax system and a greater effort to speed the privatisation programme. Even then, the collapse of the Russian economy will not be checked until intra-republican trade is revived. Autarky is not economically viable, for Russia or any of the other republics; but the lack of co-operation among the republics remains a formidable obstacle to reform.

Science matters

FOR A professional group, scientists show extraordinary hostility to the UK government. The election campaign has brought out the antagonism – in letters to newspapers from senior researchers lamenting the decline in British R&D, and in well-attended election meetings held by Save British Science, a lobby group.

The researchers are justifiably angry with the Conservative party's selective use of statistics to show real growth in government funding of basic science. The five research councils have indeed increased spending by 24 per cent since 1979, but this has been offset by a decline in public support for research from other sources.

Foreign scientists are also concerned about the erosion of UK public investment in research. On a visit to London last month, Mr Allan Bromley, President Bush's science adviser, deplored the planned closure of Daresbury Nuclear Structure Facility in Cheshire, which he said "has established an absolutely enviable reputation for excellence".

Although industrial R&D has increased since 1979, it has not made up for the shortfall in government R&D. The UK was the only OECD country in which the percentage of GDP devoted to civil R&D declined during the 1980s.

The decline in British science may reflect the fact that no Conservative politicians really care about research. Margaret Thatcher once worked as a research chemist, but her governments had no champion of science and technology like Heinz Riesenhuber in Germany or Henri Curien in France.

The complaints of the scientists, who are not traditionally a vocal lobby group, cannot be dismissed merely as self-interested pleading. The health of science matters for several reasons. As the Conservative election manifesto says, research "enriches the quality of our lives and provides the feedstock of innovation".

An important aspect of science is cultural, even romantic. This is rooted in the origins of the subject as natural philosophy. Unfortunately, some of the questions asked by today's natural philosophers – for example "how did the Universe start and how will it end?" – cannot be answered without investing billions of pounds in atom-smashers and astronomical observatories. The UK, as a culturally advanced nation, must pay for its share of international facilities such as Cern, the European centre for particle physics.

But politicians inevitably see science mainly as a source of inventions for industry. There is a link between a nation's scientific excellence and industrial success, though it operates on a timescale of decades. Japan should not be seen as a counter-example – for several years Japanese industry and government have been investing heavily in research as the foundation for industrial pre-eminence in the next century.

Science deserves better treatment from the next government. And the physical sciences – already in worse shape than biomedical research and vulnerable to the run-down in defence R&D – will need particular attention.

Airbus deal

THE IMMEDIATE verdict on yesterday's settlement of the long-running dispute between the US and the European Community over Airbus financing is that it is a triumph for good sense. The longer-term question is how far it will succeed in its aim of preventing similar trade rows from breaking out again in the future.

In the end, the agreement stemmed from the realisation that neither side could afford to pursue brinkmanship to its conclusion. So dependent is the aircraft industry of each on the other's market that both would have suffered unacceptably heavy damage had the dispute degenerated into an all-out trade war. That is encouraging at a time when the Uruguay Round trade negotiations hang in the balance: at the least, it suggests that should the Round fail, countries would think again before plunging into unilateralism.

In this instance, the concessions by both sides seem about equally balanced. Direct government support for existing Airbus programmes will be allowed to continue, but aid for future projects will be limited to about 30 per cent of total cost – lower than Brussels wanted, but higher than Washington had demanded. The US, meanwhile, has acknowledged for the first time that its commercial aircraft makers benefit indirectly from government spending on defence and space projects and has agreed to limits on such aid.

Though full details of the agreement have yet to be disclosed – and ratified by governments – it is clear that it will only work if the parties involved are prepared to co-operate in good faith in its implementation. In particular, that will depend on the US and the EC disclosing far more information about the financing of commercial aircraft programmes than they have so far done.

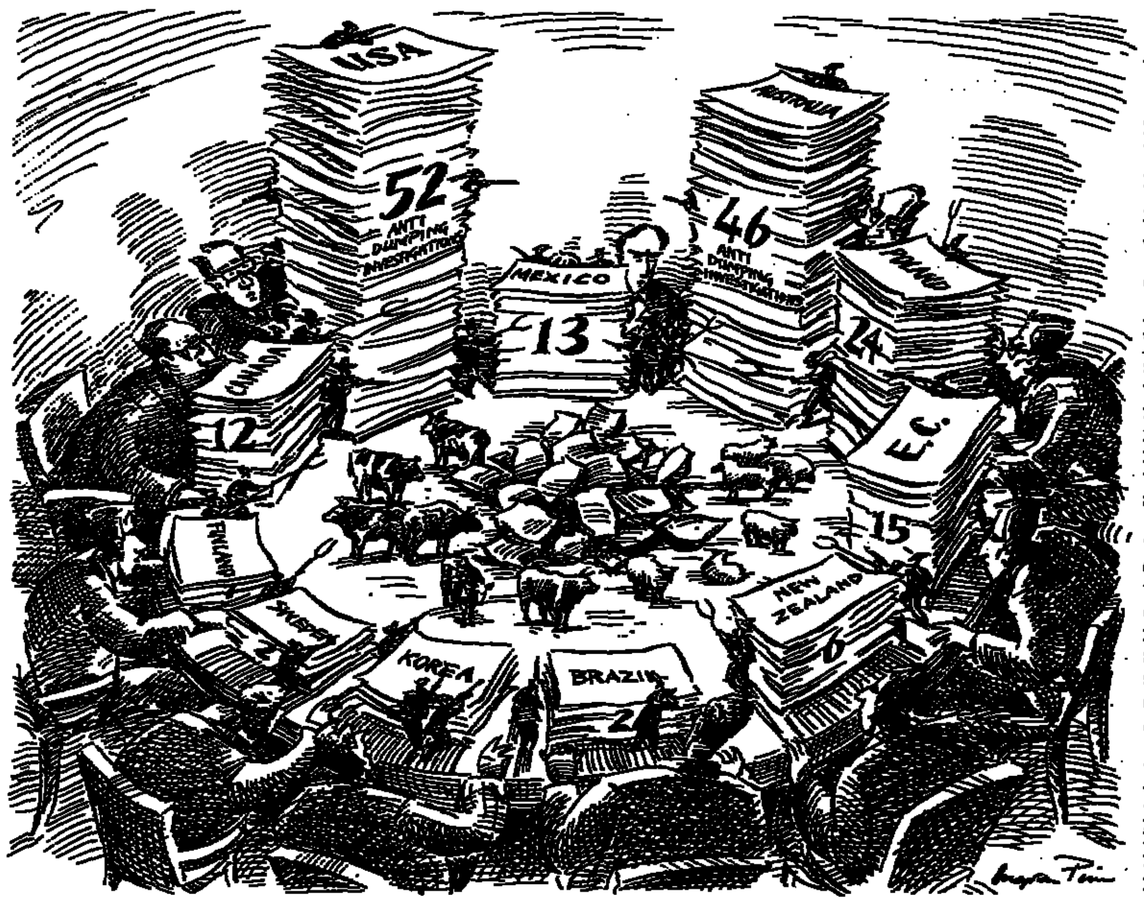
It is also vitally important that the agreement be enshrined in the General Agreement on Tariffs and Trade. First, because an independent mechanism is needed to adjudicate disputes. Second, because any international concordat on government subsidies will be short-lived unless it is also subscribed to by other countries, notably Japan and South Korea, with ambitions to develop commercial aircraft industries.

Nonetheless, there is a limit to what even the most carefully-crafted system of multilateral guidelines can achieve in an industry which involves immense risks, brutal competition and huge investments of cash and national prestige. With so much at stake, there will always be a temptation for governments and producers to seek advantage by bending the rules if they think they can.

In the last analysis, countries' crude self-interest is the most effective discipline. The real lesson of yesterday's agreement is that though nationalism may still colour the politics of commercial aerospace, its economics are increasingly driven by the growing international inter-dependence between producers and customers. The continuing globalisation of the industry is the best guarantee of fair trade in the future.

Trade talks fall on deaf ears

The Uruguay Round is deadlocked, but is too important to fail, writes David Dodwell



Negotiators in Geneva are likely to miss their Easter deadline as they struggle to break the 15-month deadlock in the Uruguay Round of talks on world trade liberalisation.

Officials at the General Agreement on Tariffs and Trade (Gatt) talk of paralysis, as the political will to make compromises among central players such as the US and the European Community appears to ebb away.

Fear that the talks face imminent collapse prompted US President George Bush last week to call for "a political push from whatever source" to rescue them. He declined, however, to offer further US concessions. American officials in Geneva say "a minor miracle" is needed to achieve a breakthrough.

At the same time, farm ministers from the 24-nation Organisation for Economic Co-operation and Development (OECD) meeting in Paris on Friday called for a swift and successful end to the negotiations. They warned of "significant downside risks for the world trading system, and costs for the world economy" if the talks fail. They too offered nothing.

The risks of failure are already apparent, as recession in 1991 led to a third successive year of faltering world trade growth: the value of trade rose by a meagre 1.5 per cent to $3,500bn – the smallest gain since 1985, according to the Gatt. Without the boost to trade that a successful conclusion to the round should bring, recovery is likely to be retarded.

The collapse of the round – launched in 1986 to break down barriers to trade in services, agriculture and textiles, to boost international respect for patents and copyright, and to improve mechanisms for settling trade disputes – has been looming for a long time. A summit held in Brussels in December 1990 broke up in acrimony after the EC and US failed to agree on farm trade reform. A compromise reform package, known as the Final Act, was drawn up by Mr Arthur Dunkel, director-general of Gatt. It was tabled late in December 1991 and was intended to break the deadlock. All of the 108 countries that have signed up to the Gatt expressed reservations with elements of the package but, with the exception of the EC, have agreed that it is is too important to the world economy to be rejected.

The issue which continues to jeopardise any agreement is farm trade, in particular the EC's Common Agriculture Policy (CAP). Reform of farm trade is essential to successful completion of the round because many participants in the developed and developing world are seeking an end to protective farm subsidies in the EC and the US, in exchange for freeing their domestic markets to outsiders.

Mr Dunkel proposed cutting agricultural subsidies by 20 per cent by 1999, converting farm quotas and other protective devices into tariffs and then cutting them by 36 per cent by the same date. He also sought reductions in subsidised farm exports.

The EC rejected the plans in January. Mr Dunkel has refused to reopen the Final Act for fresh negotiation. He has instructed the EC to settle differences over farm trade with other negotiators – principally the US – and bring back a compromise acceptable to all.

Such a compromise would seem to be in the interests of the EC and the US. They spend billions of dollars a year supporting the prices farmers get for their crops, paying for storage of excess production, and subsidising the price of farm products being dumped on the world market. Such policies place a heavy burden on taxpayers and consumers in the west, and damage agriculture in the Third World by depressing world prices for meat and cereals in particular.

Although the EC has made some concessions over the past few months, two contentious issues remain:

- EC demands to "rebalance" its protective regime by raising protection against the import of cereal substitutes in exchange for lowering protection for other farm products;
- EC demands that compensation payments to farmers (seen as the centrepiece of plans to reform the CAP) should not be regarded by the Gatt as a distortion of trade.

Value of world merchandise trade 1991

Exports: Value ($bn)	Exports: Annual change per cent		Imports: Value ($bn)	Imports: Annual change per cent
3,530	$1\frac{1}{2}$	World	3,660	$1\frac{1}{2}$
555	$5\frac{1}{2}$	North America	625	$-2\frac{1}{2}$
1,365	-1	EC	1,450	$1\frac{1}{2}$
685	$11\frac{1}{2}$	Asia	825	$8\frac{1}{2}$
70	16	China	65	$19\frac{1}{2}$

Source: Gatt

Today, compromise on both these issues appears possible, with the EC suggesting it could drop its demands for "rebalancing" in exchange for compensation payments to farmers which do not distort trade. One EC spokesman in Geneva said that the remaining differences between the EC and the US are "more a matter of presentation than substance".

Many observers of the tortuous manoeuvrings within the Gatt find it hard to understand why the entire accord is being put at risk over the issue of CAP reform when the potential gains from an agreement are immense.

For the first time, trade in commercial services – worth $680bn in 1989, the latest year for which the Gatt has figures, accounting for about 19 per cent of world trade – would fall under the Gatt umbrella. A timetable would be set for the markets of all Gatt signatories to be opened to foreign banks, securities houses and insurance companies; national monopolies in telecommunications would be dismantled; liberalisation of shipping and civil aviation would begin. Detailed country-by-country negotiations on opening these markets are currently stalled, with the EC and others blaming the US for seeking to limit the scope of liberalisation. But there is a general assumption that progress on the farm subsidy issue would yield US concessions.

In addition, respect for patents and copyright – vulnerable to piracy in many developing countries – would also be built into an agreement on intellectual property rights. Trade in textiles and garments would be brought into Gatt, after having defied liberalisation for 40 years. Over 10 years the labyrinth of bilaterally negotiated quotas that determine textile trade would be dismantled, and replaced by tariffs.

Moreover, reinforced Gatt dispute settlement rules would be expected to check the destructive proliferation of rows over goods that are allegedly subsidised, or "dumped" in export markets. They would tackle the abuse of technical or industrial standards, which are frequently used as a block to imports.

Perhaps most important of all, a successful conclusion to the Uruguay Round would secure the participation of much of the developing world in multilateral trade agreements. Since 1986, more than 60 countries from the developing world and former communist bloc have adopted policies of reductions in tariffs and quotas. The prospect of reduced barriers to their exports – which depend on the completion of the Uruguay Round – have been an important incentive.

Although deadlines in Gatt negotiations have often been missed, the current stalemate is creating a growing sense of urgency. Beyond April, there are not enough days in the US congressional calendar to get an agreement ratified ahead of the US presidential elections in November. Officials in Geneva, including those from the US, are already talking of what might be done to minimise "backsliding" from compromises already made in the areas of services, patents and copyright, and tariff cuts if negotiations have to be postponed until January 1993.

In spite of a consensus that further delay is inevitable, no one is willing to contemplate outright failure. As Ambassador Bal Krishan Zutshi, India's long-standing Gatt representative, commented: "No one can afford to abandon what has been achieved out of the round so far. Negotiators will come back sooner or later and settle it."

Even delay carries with it grave dangers:

- Protectionist lobbies in the US in particular have been held at bay largely because of the promise that trade grievances would be dealt with more speedily in the Gatt by new trade dispute procedures. If the round is put on hold, it will be hard for President Bush's administration to resist demands for unilateral action against "unfair trade".
- June 1 is a critical date, on which a two-year US Farm Bill expires. With it, commitments not to match EC farm export subsidies on a tit-for-tat basis also expire. In fact, the US administration will face a formal commitment to relaunch a subsidy war with the EC on exports of farm products. Such action would almost certainly trigger retaliation.
- The multi-fibre arrangement which controls world trade in textiles and garments expires in December. With no Uruguay Round in place, awkward renegotiation of rules for trade in textiles and garments would be needed.
- Long-sought improvements in Gatt's rules for settling trade disputes would be held up. Countries frustrated with how Gatt currently deals with trade disputes – the US foremost among them – may resort to bilateral sanctions, which again could trigger retaliation.

Delay would also hamper attempts to address new problems – such as reconciling free-trade principles with environmental concerns, and bringing competition policy under the rubrick of the Gatt.

There is a growing feeling among critics that it is time for the world's leading industrial powers to set an example to newly liberalising countries in the Third World. They should set aside narrow domestic political considerations in favour of improving the world trading system.

An old joke about Moses might prove instructive. He was sent by the Israelites to the top of Mount Sinai to negotiate with God over the commandments. He came down exhausted after 10 days with a list of 310 commandments. The Israelites angrily sent him back to negotiate a better deal. Three more days passed before a gaunt Moses reappeared: "I have good news, and bad news," he said: "The good news is I've got the list down to 10. The bad news is that adultery is still in."

For negotiators in Geneva struggling with ennui and exhaustion after six years of non-stop haggling, such a spirit of compromise could be timely.

BOOK REVIEW

A change in climate

BACKLASH: THE UNDECLARED WAR AGAINST WOMEN
By Susan Faludi
Chatto and Windus, £9.99

THE WAR AGAINST WOMEN
By Marilyn French
Hamish Hamilton, £9.99

When the nuclear bomb testers were waiting for the result of the mission to bomb Hiroshima, they expected a coded message. If the mission was successful, the message would read: "It's a boy." But if the bomb was a dud, it would read: "It's a girl." In that code lies a clue to the desire of families all over the world to produce boys not girls, to selective abortion of girls, to infanticide of female children, and to gradual starvation of women in areas of the Third World, where men get first share of the food.

Both Marilyn French and Susan Faludi write of the war against women. For Marilyn French, feminism was the first philosophy to challenge patriarchy per se. The anger of "men-as-a-caste" at this challenge partly explains the war they are now waging. She cites many examples of this: domestic violence; the abandonment of women and children by men who fail to support them; attitudes to work and food in much of the Third World; employment law and practices; the denial of abortion rights; and the growth of fundamentalism.

Her text is passionately argued and largely convincing. But it sometimes lacks accuracy, rendering it less compelling than Susan Faludi's meticulously researched Backlash. Time after time Faludi takes a piece of well-reported research, and re-examines it. While Marilyn French recites a litany of wrongs done to women, and argues, somewhat loosely, that women are fighting back, Faludi records cases of discrimination and the reporting of them, while interviewing the people involved, showing that things are not as they seemed.

For instance, Marilyn French reports that women and their families are on average 73 per cent worse off after divorce in the US. The backlashers, who want to toughen the divorce laws, use that evidence to strengthen their argument. But Faludi shows that the figures usually quoted, published by Lenore Weitzman in 1985, were almost certainly inaccurate. Two economists, Hoffman and Duncan, found that their work on divorce statistics suggested a much smaller decline, of about 30 per cent. And, they suggested the average woman's living standard, five years after divorce, was actually slightly higher than when she was married.

When they published their findings, there was only one brief item on them, in the Wall Street Journal's inside-page demography column. Weitzman's figures still tend to be quoted because they suit two discrete groups: those who wish to beat up men for abandoning their families, and those who wish to say that divorce is having the most disastrous effects on the economic circumstances of families, and should be made more difficult. This "evidence" is at the heart of the backlash line: that women are better off "protected" than equal.

Faludi's most telling arguments come from her accounts of women trying to use anti-discrimination legislation to get better working conditions, pay and promotion prospects. The cases of female employees at Sears Roebuck and ABC Television who attempted to use the legislation to improve their lot make depressing, infuriating reading. And the fact that one of the biggest critics of the ABC tactics, Rita Flynn, a former seasoned CBS reporter, first found her career on the skids and then found herself unemployable when she moved west suggests that in the US, as in the UK, it does not always work to one's benefit to take issue with the company discriminating against one.

Susan Faludi has written a cogent, compelling account of the change in climate for feminism in the US. The UK is different in many respects; the English additions to the original US edition do not work because some of the arguments need modification for the UK and European scene. But Faludi's note of optimism at the end, with her assertion that "there really is no good reason why the 1990s can't be their [women's] decade", is one we would do well to echo. There is indeed no good reason, but what is needed, propounded by neither Faludi nor French perhaps because of their American world-view, is a different attitude to children. They need to be recognised as a public concern and the nation's future – not a private (women's) matter, with properly funded childcare and child protection – alongside generous maternity rights and benefits.

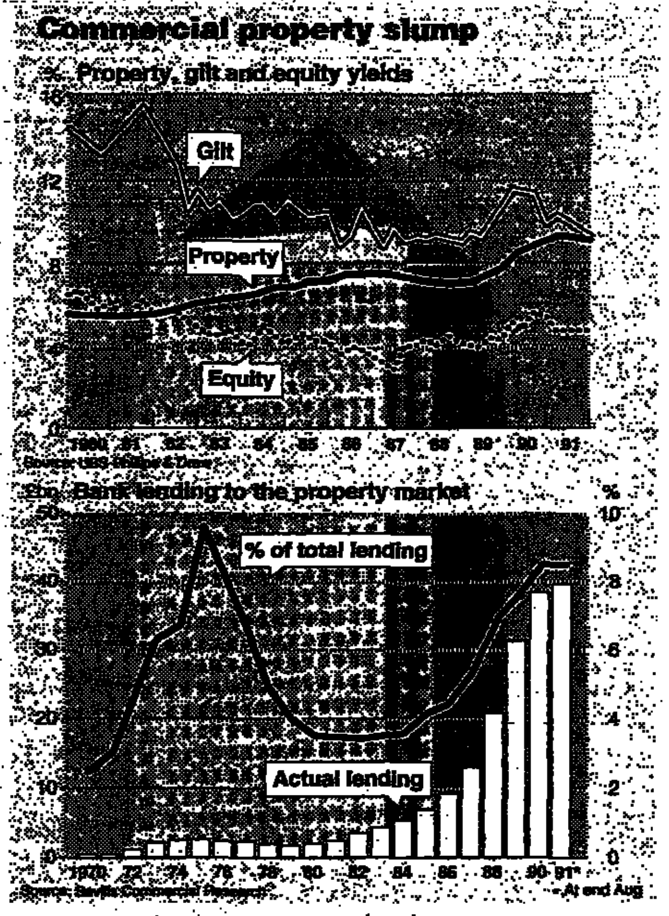
The UK is poor on these issues in comparison with the rest of Europe, and has resisted protection of part-time employees (blocking the EC directive on part-time work), 86 per cent of whom are female. These are matters that should come to the fore in the last week of the election campaign. Then women voters could use their political power to vote for the party that promises the most for women and children. No party has pledged enough.

Julia Neuberger

The reviewer is a rabbi. Her book, Whatever's Happening to Women?, was published last year.

The UK property market may have been through the worst of its decline, but the misery is not yet over, says **Vanessa Houlder**

Towers of strength turn to pillars of sand



The cracks in the UK's overborrowed and overbuilt commercial property market are widening.

In the past two weeks, Olympia & York, the world's largest property developer responsible for the ambitious Canary Wharf project in the London Docklands, has sought refinancing talks. So too has Heron International, the property and finance group. On Tuesday Speyhawk, a development company, revealed its liabilities exceeded its assets by £70m after losses of £217m.

For a sector numbed by two years of disastrous news, these developments, serve as a forceful reminder of the severity of the slump.

The decline is the worst for 50 years. Rental values are falling for the first time since the Second World War. Capital values have dropped by some 30 per cent since their peak in September 1989. By contrast, in the property crash of the the early 1970s, values fell by 15-20 per cent.

The scale of the downturn has been masked by the drawn-out and relatively low-key nature of the crash. Property shares have slowly lost more than half their value since November 1988. Some observers find the measured nature of the adjustment reassuring. "There is very little in the sector that remains to be hit," says one.

The banks may find the message from the stock market less reassuring, however. Property companies – and their banks – have not yet acknowledged the full depth of the fall in their portfolios, as is illustrated by the gap between property share prices and companies' net assets, which averages a hefty 35 per cent.

When the banks come to terms with the true reduced value of the assets, they could find many of their loans may not be repaid in full. Estimates by surveyors suggest the problem loans could be as high as £8bn. The scale of the potential losses is a result of record increases in international bank lending to the sector at the end of the 1980s, which rose to more than £40bn last year.

Assessing the scale of the damage to the banks is complicated by a lack of information. A City broker reckons that considerably more than half of the loans were made to private companies with the rest split between publicly quoted companies and housing trusts. Like an iceberg, the bulk of the problem is invisible.

The banks are playing down the scale of the problem. Sir John Quinton, chairman of Barclays, recently said UK banks' exposure to property is not excessive, at 6.9 per cent of their total lending. At least half of the £40bn debt was loaned before 1988 when asset values were similar or lower than now. More than 60 per cent of loans were made to finance income-producing investment property, where interest payments are not in jeopardy.

One risk for the market is that banks will curb new loans, making it tougher for some companies to refinance properties; another is that banks may be less supportive of companies that fall into difficulties. Companies can no longer take their banks' patience for granted. Speyhawk, with debts of just £308m, has 46 bankers and they have agreed to guide it through restructuring. But it would take just one unco-operative bank to scupper the talks.

It is not clear yet whether a rash of large receiverships would tip the property market into another spiral of decline. On one hand, some observers argue that the overhang of property that is now or will eventually come on to the market – and the shortage of would-be buyers – is already being taken account of in the low asking prices. The cheapness of property, by historical standards, is reflected in the convergence of rental yields and gilt yields. This has not been the case since the 1960s.

On the other hand, high-profile receiverships and debt restructuring could have a depressing effect on investor confidence. "The O&Y saga will frighten off less well-informed overseas investors," says one broker.

However, experienced institutional investors have been attracted by the idea of bottom-fishing for the best part of a year. Indeed, there has been intense competition for a certain type of building, namely one that is high yielding and let on a long lease to a financially strong tenant.

Few sales have resulted from such interest for two reasons: first, this type of building accounts for perhaps 15 per cent of the market and, second, its owners, typically, do not need to sell.

The overriding problem in the market is that many buildings are simply unsellable because they cannot attract tenants. The combination of the recession and the huge oversupply of buildings have left a forest of To Let signs in British cities. Some buildings in the most overbuilt areas such as the City and Docklands will never let.

With hindsight, the surge of speculative building at the end of the 1980s seems reckless. But at the time, developers thought their buildings were superior to the existing supply and would be easy to let and sell. O&Y, for instance, described many London offices as "slums", believing that companies wanted to regroup their head offices in state-of-the art buildings. Developers might have been proved right, had it not been for the rigidity of the UK lease structure. Tenants are locked into 25-year leases with upward-only rent reviews every five years. Although asking rents for new properties have tumbled, most tenants are still paying well above market rates. Although businesses want to move to better offices, they cannot get out of their existing leases.

Even buildings that do let will not necessarily help the developers' cash flow. One of the industry's self-inflicted wounds is the custom of waiving a tenant's rent for several years, rather than dropping the asking rent. Although this may have artificially propped up values at the outset, it has cut severely into cash flow.

The pain is not restricted to the new generation of developers that emerged in the 1980s. The stalwarts of the market such as MEPC, Hammerson and Slough Estates have all experienced problems. Some investors do not rule out a dividend cut for top companies.

The worst prognosis is reserved for a UK election result that puts sterling under pressure. Any rise in interest rates could be critical for a heavily indebted company.

Furthermore, a rise in gilt yields would depress property values. Kleinwort Benson Securities, the broker, estimates that in the event of a Labour-led hung parliament, the fall in net asset values could be 15 per cent.

Whichever party wins power, the all-party commitment to the exchange rate mechanism of the European Monetary System will perhaps have the greatest impact on the property industry in the long run. If the constraints of ERM membership continue to result in a relatively low rate of inflation, overborrowed property investors will not be bailed out. as they were in previous crashes.

The prospect of low inflation and high real interest rates should dash hopes of a swift recovery. Rental growth will lag behind the recovery by as much as three years, says UBS Phillips & Drew, the broker.

But the broker expects the values of offices in the City of London to fall by another 23 per cent by the end of next year. The property market may have been through the worst of its decline, but the misery is not yet over.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Minimum wage can safeguard skills

From Messrs Stephen Machin and Alan Manning and Ms Sarah Gammage.

Sir, Edward Balls reports ("Higher minimum wage, more hamburger", March 30) findings from the US that increasing minimum wages increases employment. Such results are not confined to the US. Recent research we have done on the UK wages councils (Minimum wages, wage dispersion and employment, Centre for Economic Performance, London School of Economics) finds there is no evidence of a negative relationship between employment and minimum wages.

If anything, rises in minimum wages seem to increase employment, an effect that seems particularly strong in the catering industry.

Stephen Machin,
Alan Manning,
Sarah Gammage,
London School of Economics and Political Science,
Houghton Street,
London WC2A 2AE

From Mr Simon Haskel.

Sir, During the last century, when faced with children going to school instead of working long hours in their factories, the Spinning Masters forecast loss of work and business going abroad. We had the same dire warnings about the minimum wage from today's textile employers ("Election 1992" March 30).

We are a relatively small textile company with modest factories in Leeds, High Wycombe and South Wales. Nobody working in this company is paid less than £3.40 per hour because, in normal times, to keep our skilled staff and attract new good calibre people into the company, we have to pay more than the proposed minimum wage.

We will succeed in the single European market only by being quicker and more effective than the competition, and to achieve this a better trained and more skilled workforce is essential. If the minimum wage acts as an impetus to improve the skills, versatility and training of the workforce this will be welcomed by the industry generally.

It would be helpful if this could be introduced in a way which gives firms time to upgrade their manufacturing processes but Labour's incentives to better training and more investment will help.

A minimum wage has operated in the US for over 30 years and your correspondent Edward Balls ("Higher minimum wage, more hamburger") doesn't think that it has done them much harm.

I wonder if the real worry is not the effect of the minimum wage on controlling costs by eroding the easy "hire and fire" regime we have in this country..

Simon Haskel,
chairman
The Perrotts Group,
63a Ockendon Road,
London N1 3NL

Extension to Jubilee Line a priority for future of London

From Mr Michael Pickard.

Sir, I was surprised to read David Weeks's letter (March 31) suggesting that the Jubilee Line extension can be delayed, on the grounds that it serves only London's Docklands. In addition to improving Docklands access, this line will provide a new high-quality central London rail link to east and south-east London, serving not only the Docklands area, but also the residents and businesses of Waterloo, London Bridge, North Southwark, Bermondsey, Greenwich, Canning Town, West Ham and Stratford.

It will also relieve several of the most congested parts of the central London rail network. Passengers on the Central Line between Stratford and Holborn, the District and Circle Lines between Monument and Victoria, and Bakerloo Line between Paddington and Oxford Circus on the Network SouthEast between Stratford and Liverpool Street, will all experience significant improvements in journey comfort.

The London Docklands Development Corporation has recently engaged in discussions with Westminster City Council with a view jointly to promoting London to ensure that it retains its position as the premier commercial city of Europe. In achieving this, Docklands will complement the City and West End.

The Jubilee Line will play a key role in providing high-quality access between these centres and also in giving access to the Channel tunnel train services at Stratford. It will combine with and reinforce other ongoing rail improvements to provide London with an effective public transport system to compete internationally in the future. For all these reasons the Jubilee Line extension should continue to be supported as a priority project for London Transport.

Michael Pickard,
chairman,
London Docklands Development Corporation,
Thames Quay,
19 Marsh Wall,
London E14 9TJ

Fair view of Names' losses

From Mr K J Leonard.

Sir, You continue to suggest (Survey of Lloyd's of London, March 30) that external Names will bear a significantly greater share of the 1989 underwriting account losses than vocational, or so-called "insider" Names.

A comparison of the performance of individual Names should be based on the bottom line result of each Name's overall premium limit rather than on a small selected sample of syndicates. That is, the result should relate to each Name's overall premium limit and syndicates should not be compared in isolation.

On this basis, for the 1989 underwriting year we are responsible for accounting to 1,617 Names who have a combined capacity of £658m. At this juncture our forecasts show that average losses of our external Names are only 0.4 per cent worse than the estimated loss of working Names through this agency.

This position was also reflected in the actual figures for the 1988 account.

Statistics can be manipulated to emphasise a particular point, but it should be clear that the above is the only equitable measure of performance comparison.

Keith Leonard,
managing director,
R W Sturge,
9 Devonshire Square,
London EC2M 4YL

A limited nostalgia

From Mr Bill Badger.

Sir, Barry Riley's piece on Office Block Mania ("Canary that could not fly", March 28) was apposite.

Could you please look up your records to see whether Barry Riley's predecessors wrote similar items on Railway Mania, and before that, Canal Mania?

To those of us inhabiting the shallows of the small business community it is tremendously reassuring to watch the really big fish making silly mistakes.

I should imagine the scope for the office block nostalgia industry is strictly limited.

Bill Badger,
The Corner House,
Top of Searle Street,
Crediton,
Devon

All knowing

From Mr Barry Hyman.

Sir, Your supplement on Slovenia (March 30) contained 11 different articles; three of them respectively headed:

"Judy Dempsey reports..."
"Judy Dempsey examines..."
"Judy Dempsey on..."

The other eight are signed by Judy Dempsey. Is this a record and is there anything about Slovenia that Judy Dempsey doesn't know?

Barry Hyman,
4 Priory View,
Bushey Heath, Herts WD2 3QS

OBSERVER

Same again at CBI

■ Howard Davies, controller of the Audit Commission, is a highly intelligent and political character. But is the man widely tipped as next director-general of the CBI really the right man for the job?

After all, he is a virtual identi-kit of Sir John Banham, the outgoing president. They even worked together at the Audit Commission.

In many respects he is exactly the kind of person the CBI intended not to appoint. After the Prudential's Sir Brian Corby became CBI president, there were tensions with Banham, on the grounds that the latter was good at orchestrating clever campaigns about the environment etc, but weak on representing the core passions and ideas of business, especially of manufacturing industry. There is a strong lobby that believes that the CBI needed someone like the late Sir Terence Beckett of Ford, who had actually run a proper industrial business.

Davies's big advantage is that he seems to be apolitical whereas Corby is an old-style Thatcherite. He has been very good indeed at the Audit Commission, where he has tangled with the most unpleasant elements of Tory and Labour municipal politics. With Unilever's Sir Michael Angus taking over the CBI presidency next month, the CBI could argue that it doesn't need another industrialist as director-general.

Boughed down

■ Would the old omens work again, the jittery Tokyo market wondered yesterday as the Mitsui Taiyo Kobe Bank emerged in its new guise of Sakura Bank.

"Barstool...soapbox... trench"

After all, in the market's gravity-defying heyday, when any excuse was good enough for buying shares, none was better than a corporate name-change. Moreover, sakura means "cherry blossom" and the switch of identity had been timed to coincide with the blooming of the blossoms as well as a new financial year.

Alas, the omen that came true was the rain which has washed out this spring's blossom-viewing, boding ill for the Japanese who see the delicate pink petals as symbols of the fragility of life itself.

Down drooped the renamed bank's share-price by nigh on 10 per cent to a new low point for the year and – despite brokers' protestations that they would have liked to place congratulatory buy orders – a probable portent of worse to come.

Unexplained

■ The newest addition to the list of those embarrassed by the fall from grace of Control Securities' Nazmu Virani is no less than the Agha Khan. In December 1990 Virani was appointed the UK member of the supreme advisory body for the Agha Khan's 12m Ismaili Muslim followers, the International Conciliation and Arbitration Board.

As Virani was being remanded in custody for a week by City of London Magistrates on charges of conspiring to present false accounts to the BCCI auditors Price Waterhouse, the Agha Khan's headquarters staff in France were unable to comment on the reasons for or details of his appointment.

For some of the faithful, however, the latest development will merely be confirmation of their long-voiced misgivings about having a brewer in such a senior Islamic position.

Lady vanishes

■ While other organisations may be promoting women to their top positions, the Association of British Chambers of Commerce is doing the opposite. The elegant damsel enthroned on a cornucopia, who has headed its notepaper almost continuously since 1860, is being made redundant.

Not only is she past it herself, it seems, but there are problems with her background – a pastel-hued montage of mill chimneys, kilns and sailing ship, which doesn't show up on faxes. So she is being ditched for what the association thinks will be a more fetching image for the 1990s and its hopes of recruiting 60,000 more members.

Whether it will turn out to be right is another question; the replacement for the delicate picture is a charmless letter-dominated logo. But the damsel has proved more than a match for such things before. In the 1970s the association briefly jilted her for a hideous design of arrows, only to repent and restore her to her throne.

Make and break

■ Much play has been made with UBS Phillips & Drew's resignation as joint broker to Lonrho, and its impact on City confidence. But it's worth noting that Lonrho has a habit of outliving its brokers.

Who remembers Joseph Sebag, for example? They were taken over by W.I.Carr a long time ago, which in turn has been swallowed by other organisations and regurgitated in virtually unrecognisable form. Capel-Cure Myers then took up the Lonrho brokership and although its name still survives it is no longer a force in corporate broking.

Lonrho's remaining broker Société Générale Strauss Turnbull is not such a name to conjure with, but its Lord Roger Manners and Tiny Rowland go back a long, long way. By contrast, the relationship with UBS Phillips and Drew could never be the same after Lonrho's Terry Robinson quit.

Widespread rot

■ What is the world's largest living creature? Blue whale? Giant redwood tree? No, the new champion is a fungus called *Armillaria bulbosa*.

Genetic tests at Toronto University have shown that a network of fungal filaments in the coniferous forests of northern Michigan – covering at least 15 hectares and weighing more than 10,000 tonnes – represents a single organism of *A bulbosa*. It is at least 1,500 years old.

What's more, the discovery of this creature, known technically as a "fungal thallus", was not announced on April fool's day. It is reported in Nature this morning

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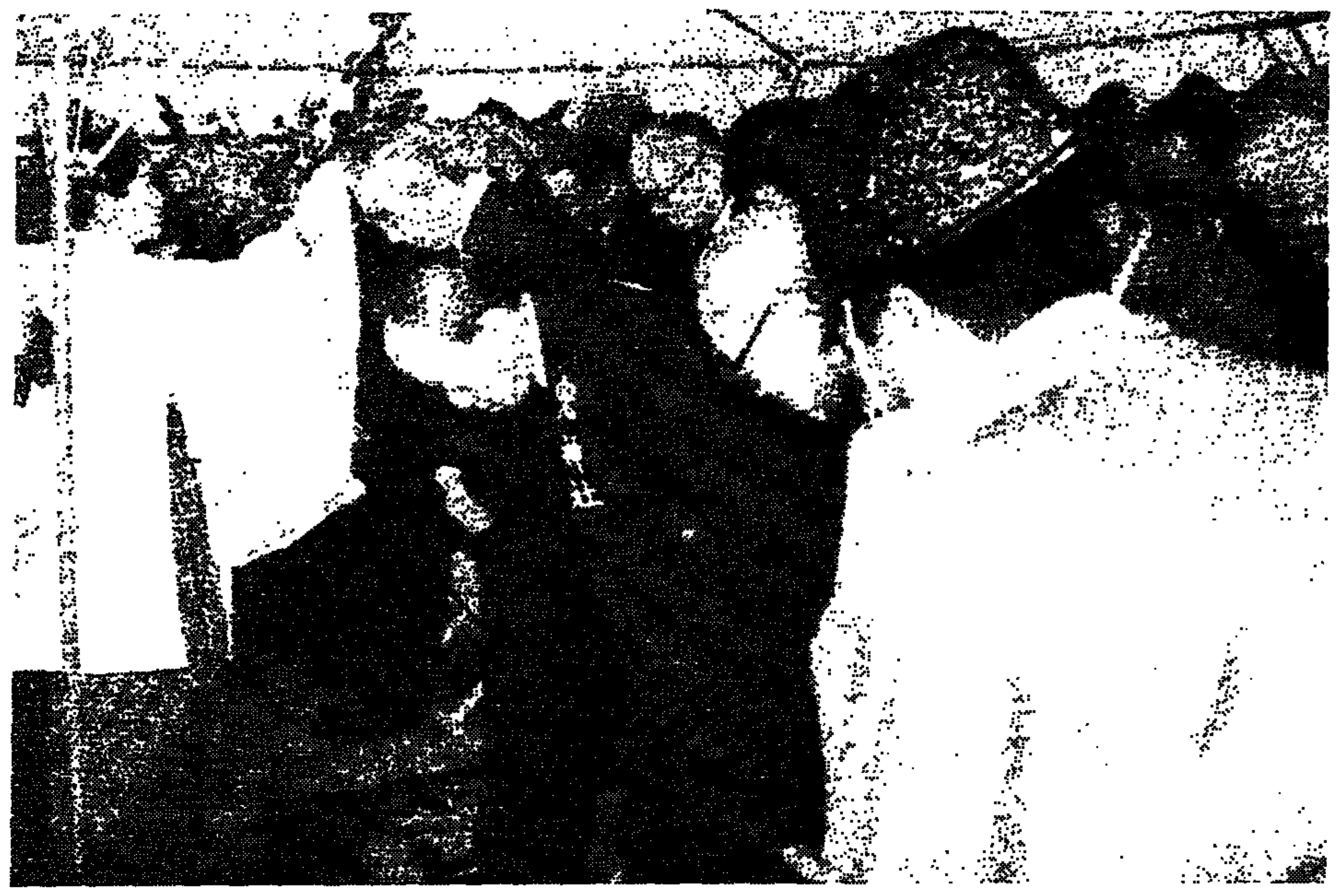


Japanese brokers and stock exchange officials attend a Shinto purification ceremony yesterday in search of a market upturn

Nikkei average plunges below 19,000 for the first time since 1987

Discount rate cut fails to dispel Tokyo gloom

By Steven Butler and Emiko Terazono in Tokyo

A CUT in Japan's official discount rate yesterday failed to dispel deep gloom on the Tokyo stock market, where the Nikkei average plunged by 764.16 to 18,581.79.

In the morning the market slid through the 19,000 level for the first time since early 1987 and continued falling as investors who had bought shares last autumn liquidated positions into a market with no buyers in sight.

Mr Yasushi Mieno, governor of the Bank of Japan, the central bank, left no doubt that the official discount rate, yesterday lowered by 0.75 points to 3.75 per cent, had hit bottom, at least for the time being. He said monetary policy was limited in its ability to stimulate the economy. He described the rate cut as the final phase of credit easing, and said the level was low by historical standards.

At the same time, Mr Mieno expressed confidence that the process of reducing excess manufacturing inventories would continue without reversal. A build-up of unsold inventories has caused manufacturing companies to reduce output and has slowed the pace of the economy.

Mr Mieno said, however, that the interest rate cut, combined with a government financial package announced on Tuesday, would restore the economy to a path of stable expansion.

The measures failed to coax investors back into the stock market. Life assurers, which were leading buyers of equities in the late 1980s, have started to move away from stock investments and into direct corporate lending. The flow of money into investment trusts has also dried up as individual investors have grown weary of the scandal-tainted market.

Investors with funds stayed on the sidelines, convinced that the market had further to fall.

Analysts, nonetheless, said the steep decline in the market would have little impact on the broader economy.

"We don't think it will have any economic implications except for confidence," said Mr Paul Summerville, economist at Jardine Fleming. "The sources of growth in the Japanese economy are less dependent on the stock market than in the last cycle."

Ms Rie Ota, analyst at Baring Securities, said the decline in the market had contributed to an erosion of capital asset ratios at Japan's commercial and long-term credit banks. She estimated that the average ratio had declined to 8.1 per cent at the end of March, compared with 8.4 per cent six months ago. Individual banks may have difficulty clearing the 8 per cent minimum ratio to take effect next year as established by the Bank of International Settlements.

The rate cut and the financial package were broadly welcomed by industrial leaders. Mr Takeshi Nagano, president of the Japan Federation of Employers' Associations, praised the timing of the moves and said it would help business sentiment.

Mr Keizo Saji, chairman of the Osaka Chamber of Commerce and Industry, however, said the rate cut by itself was insufficient, and called on the government to lower taxes.

Silver lining, Page 28
Bond market report, Page 29
World stocks, Page 37

Falklands initiates seismic search for oil

By Jimmy Burns in London and John Barham in Buenos Aires

THE FALKLAND ISLANDS government is inviting tenders for seismic studies in disputed territorial waters in the South Atlantic, effectively excluding Argentina from the initial search for oil in the area.

Senior Falklands government officials have been told by the British Foreign Office that any further step towards developing an oil industry in the area – such as full-scale exploration – must await agreement between London and Buenos Aires.

However, this initial move, coinciding with the tenth anniversary today of the Argentine invasion of the Falklands, could provoke a strong protest from Argentina. It has been pressing for joint participation with the UK on every stage of the Falklands' oil programme.

Its timing, unobstructed by the Foreign Office, also appears to have pre-empted the outcome of the UK general election. Falkland Islanders fear it may lead to a Labour victory and a more conciliatory attitude towards Buenos Aires on the issue of sovereignty.

In Buenos Aires, foreign ministry officials reacted with surprise to the move yesterday and said they had been reassured by the UK there would be no unilateral move on oil.

But Mr Ronald Sampson, chief executive of the islands' council, told the Financial Times: "There appears to be no reason whatsoever why the Falklands Islands cannot go ahead with the seismic study. We don't need Argentina's acquiescence."

Mr Sampson said he expected seismic studies to be completed by the end of this year and to be in a position to market licence blocks for exploration by the middle of 1993. "At that point we shall be in a completely different ball game, with spending involving not thousands of pounds but millions."

Both within the Falklands and in Buenos Aires, it is widely rumoured that the islands hold large oil reserves. However, a study of their potential carried out by a private company in the 1970s has remained a closely guarded secret.

Mr Sampson says local councillors have been "made aware by the British government" that in the "longer term there will have to be a much closer co-operation with Argentina in the exploration of oil".

The UK and Argentina held inconclusive talks on oil in Buenos Aires in February but agreed to further negotiations in London in June. The Foreign Office said last night that, because of the "sensitivity" of the oil issue, London and Buenos Aires were in constant touch with each other.

But it said the Falklands government was allowed under local legislation to exercise rights over the seabed and the subsoil of the continental shelf around the islands. Argentina does not recognise the islands' government and claims sovereignty over the surrounding waters.

Major makes bid to recapture support of wavering Tories

By Ralph Atkins and Philip Stephens in London

MR JOHN MAJOR, the British prime minister, turned on the Liberal Democrats yesterday in an attempt to recapture the support of wavering Tories.

As Conservative strategists moved to reverse a dip in opinion polls, the prime minister accused the Liberal Democrat party of being a "Trojan horse, the people who let the Labour government in in 1974".

Mr Neil Kinnock, Labour leader, launched the final phase of his general election campaign last night with the largest political rally in British postwar history and a prediction of victory on April 9.

As Tory strategists tried to avoid any impression of gloom descending over their campaign, a Gallup opinion poll provided some encouragment, putting the Tories at 38 per cent, half a percentage point ahead of Labour.

As Mrs Margaret Thatcher called on Conservatives "to say that it was our policies which brought Britain from decline to high repute the world over", Tory officials said efforts in the campaign's last week would concentrate on Conservative's strengths, including law and order.

However, buoyed by the opinion poll results, Mr Paddy Ashdown, Liberal Democrat leader, promised that his party would not be swayed from its "positive" campaigning.

Meanwhile, senior Labour strategists voiced confidence that Labour was set to end 13 years of Conservative government. At the Sheffield rally – an extravaganza estimated to cost £150,000 ($259,000) and attracting 10,000 supporters – Mr Kinnock said, "in nine days' time Britain is going to have a Labour government".

Private polling evidence indicated that Labour's share of the vote was now soundly established at above 40 per cent, the strategists said.

Attacking the widening gulf between rich and poor Mr Kinnock derided Mr Major's recent "soapbox" performances on the campaign trail. "What is an issue in this election is not soapboxes that people stand on. It's the cardboard boxes that people live in."

Election 1992, Pages 6-8

Limit agreed on subsidies

Continued from page 1

fited from massive support disguised as space or military research grants.

Both sides were forced to give ground to reach a compromise, although neither would quantify the new subsidy limits yesterday. "A trade war would have benefited nobody," an Airbus official said.

EC negotiators believe the US has implicitly admitted that its manufacturers benefit from indirect support, by agreeing to limit such grants to less than 5 per cent of each company's civil aircraft turnover.

The Community appears to have settled for an upper limit of about 30 per cent on direct subsidies, as a proportion of total development costs, on future airliner programmes compared with its original offer of 45 per cent.

World Weather

		°C	°F
Ajaccio	C	13	55
Algiers	T	15	59
Amsterdam	F	9	48
Athens	S	18	64
Bahrain	S	22	72
Bangkok	F	35	95
Barcelona	S	15	59
Beijing	S	21	70
Beirut		–	–
Belfast	R	4	39
Belgrade	F	21	70
Berlin	S	14	57
Biarritz	C	10	50
Bombay	S	30	86
Bordeaux	F	9	48

		°C	°F
Boulogne	S	10	50
Brussels	F	10	50
Budapest	R	12	54
Buenos Aires	F	24	75
Cairo	S	21	70
Cape Town	S	20	68
Caracas	C	30	86
Casablanca †	C	17	63
Chicago †	F	-1	30
Cologne	S	9	48
Copenhagen	F	7	45
Corfu	S	18	64
Dallas †	C	9	48
Dublin	C	6	43
Dubrovnik		–	–
Edinburgh	Sl	3	37
Faro	C	16	61
Florence	F	12	54

		°C	°F
Frankfurt	F	7	45
Geneva	F	9	48
Gibraltar	C	16	61
Glasgow	R	4	39
Helsinki	Sn	1	34
Hong Kong	F	21	70
Innsbruck	F	8	46
Inverness	F	5	41
Islamabad	C	25	77
Istanbul	S	16	61
Jakarta	R	32	90
Johannesburg	S	26	79
Lima	F	28	82
Lisbon	R	12	54
London	F	11	52
Los Angeles †	C	14	57
Luxembourg	C	6	43
Madeira	C	19	66

		°C	°F
Madrid	F	8	46
Majorca	F	15	59
Malaga	F	17	63
Malta	S	19	66
Manila	F	36	97
Melbourne	C	18	64
Mexico City	C	27	81
Miami †	C	15	59
Milan	C	13	55
Montreal †	Sn	0	32
Moscow	C	4	39
Munich	C	7	45
Nairobi	F	29	84
Naples	C	11	52
Nassau	F	30	86
New Delhi	S	27	81
New York †	S	8	46
Nice	F	12	54

		°C	°F
Nicosia	S	18	64
Oporto	R	11	52
Oslo	Sn	1	34
Prague	R	7	45
Reykjavik	F	4	39
Rhodes	S	17	63
Rio de Janeiro	C	35	95
Rome	F	16	61
Salzburg	F	8	46
S'Francisco †	F	12	54
Seoul	S	16	61
Singapore	S	33	91
Stockholm	F	4	39
Strasbourg	F	10	50
Sydney	F	23	73
Taipei	C	21	70
Tangier	C	15	59
Tel Aviv	F	18	64

		°C	°F
Tenerife	F	20	68
Tokyo	R	14	57
Toronto †	C	-1	30
Tunis	F	18	64
Valencia	F	15	59
Venice	R	11	52
Vienna	F	13	55
Warsaw	S	15	59
Washington †	S	4	39
Zurich	F	7	45

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

THE LEX COLUMN

Sterling effort required

If we are to believe the City consensus, the greatest threat to financial markets in this election comes from a hung parliament. The polls released on Tuesday were the first to predict an absolute majority for any single party, albeit Labour. So it is curious they should have produced such an attack of nerves in equity and gilt markets yesterday. All the more so, since sterling fell only half a pfennig. The foreign exchange markets were hardly displaying alarm at the prospect of a majority Labour government committed to the ERM. That in turn should reduce the threat of a post-election increase in base rates.

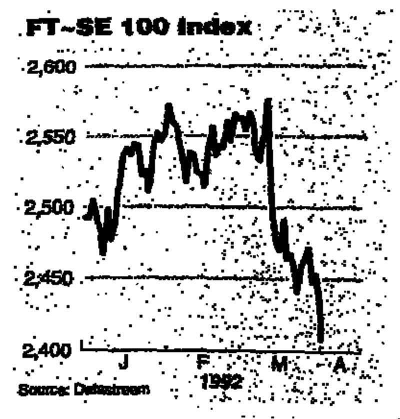
Of course, things are never as simple as they seem. Last night's Gallup poll had a different message. The outcome may still be a hung parliament after all. The exchange markets are treading water ahead of tomorrow's US unemployment figures and may have deferred judgment on the election. But a feature of trading was reluctance to sell the UK currency after its initial fall. Though sterling was held up by higher money rates, higher base rates are by no means automatic. That would only become inevitable if the market distrusted Mr John Smith enough actually to drive sterling through its D-Mark floor. On balance after yesterday, it looks as though there is enough faith in his ERM commitment to make that a risky course even for the hardiest speculator.

The prospect of a maintained parity and stable interest rates ought to be some consolation to both equities and gilts. Indeed, with receding devaluation risk, the 10-year gilt starts to look attractive even against a backdrop of rising government borrowing. The yield is more than two percentage points above its German equivalent.

It is different for equities. Political uncertainty is compounded by worries over Japan, not to mention the property and banking sector. After their 11 per cent fall since last Friday, Barclays Bank shares now yield nearly as much as gilts. That would make them cheap if there were signs of an end to the property woes which are playing havoc with its loan book. Unfortunately this is all the more unlikely given the deflationary pressure of ERM membership. That would limit the upside for shares even in the increasingly unlikely event of a Tory victory.

It will be compounded in Labour's case by short-term shock to the economy as consumer wealth is redistributed away from the south-east. Mr Smith will need firm credentials from the gilts market. A weak economy may make him a bigger-spending customer than he has yet let on.

FT-SE Index: 2408.6 (-31.5)



Mountleigh

The revolving door continues to spin at Mountleigh, a property company in rather more urgent need of revolving credit. Mr Steven Gerard, the new chief executive, is not a bank appointee. But as a former senior executive at Citibank, one of Mountleigh's main lenders, he looks suspiciously like the next best thing.

Somewhat unnervingly for investors, Mr Gerard felt compelled to mark his appointment yesterday by promising a strategically focused operating and financial plan "which will be satisfactory to all creditors". He also undertook to maximise value for shareholders. In this regard, he could begin by updating them on progress made so far in completing the £125m sale of the Merry Hill shopping centre, first announced in January. No news is not necessarily good news.

Harrisons

Three years ago, Harrisons & Crosfield's then chairman proclaimed that the main objectives of the business were consistent growth of earnings per share and a dividend on average twice covered. That petard duly blew up when yesterday's annual results showed the lowest earnings per share since 1983, and a maintained dividend which was a mere four-fifths covered. Were it not for the 10 per cent yield on its shares, H&C might be in danger of finding itself friendless at a vulnerable point in the economic cycle.

Granted, last year saw vigorous cost-cutting and a cash flow strong enough to justify the pay-out. Barring a sudden recovery in the economy, that trick will be harder to pull off this year. More disposals will be needed to generate sufficient cash for another 9p dividend, especially after the £67m acquisition of BOCM-Silcock from Unilever. H&C management clearly wants to play to its strengths in agriculture. The deal looks good value, even though it takes gearing to an uncomfortable 52 per cent.

The question for shareholders is whether it will pay to wait around until the cyclical chemicals and building materials businesses are making a better return. Long-term holders have seen their investment decline by more than half relative to the market since 1982, but have also stumped up money for a steady flow of acquisitions. Now they must regard the shares as a fixed-income investment at least until the end of next year.

LWT

A 22 per cent jump in 1991 pre-tax profits at LWT (Holdings) was more than the market was expecting, and offers a brighter picture than other ITV companies which have reported of late. LWT's strong franchise is well reflected in its 0.5 per cent increase in advertising revenue – against a 1.6 per cent drop for the industry as a whole – while a £15m fall in programming sales to the domestic network and overseas customers was offset by a reduction of £17m in transmission, sales and administrative expenses.

Yesterday's results help edge the company's 50 or so golden-handcuffed executives closer to their much-publicised £43m jackpot, payable if the company's shares reach 279p by November next year. The price last night closed at 263p, up 5p. To many, the rewards will still seem absurd relative to the risks, but as an example of identity of management and shareholder interest the incentive scheme has proved hard to fault. It prevented overbidding for the franchise and encouraged early and effective cost cutting, leaving LWT among the best placed to face the early rigours of the new licence system and the chill wind of satellite and cable competition.

The shares would seem to be worth staying with, at least until the handcuffs are unlocked.

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COMPANIES & MARKETS
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Chief price changes yesterday

FRANKFURT (DM)				Waste Man	37¾	–	⅜
Rises				**PARIS (FFr)**			
Aachen	905	+	27	**Rises**			
Asko	910	+	24	BIC	719	+	34
Mannheim Vers	870	+	98	Sommer-All	1405	+	46
Falls				**Falls**			
Bilfing	1050	–	19.9	Euralrance	1580	–	52
Lahmeyer	601	–	14	Paribas	382	–	12.1
Leifheit	514	–	11	Sagem	1690	–	74
NEW YORK ($)				Union Immob	465.1	–	14.9
Rises				**TOKYO (Yen)**			
Apple Comp	59½	+	⅜	**Falls**			
Bristol-Myers	76⅝	+	⅜	Ashimori Ind	500	–	80
Falls				Kurabo Inds	415	–	68
Chem Waste	18½	–	⅜	Minebea	414	–	50
Eastman	40½	–	⅛	Nippon Carbon	850	–	200
Grace WR	38	–	2¾	Tokyu Land	420	–	64

New York prices at 12.30pm.

LONDON (Pence)				Hammerson A	383	–	19
Rises				Hogg Group	157	–	19
Beckenham	9	+	2	LASMO	185	–	10
Lonrho	77	+	5½	Lon. Elect.	222	–	27
Penny & Giles	310	+	75	MTM	26	–	40
Radamec	39	+	2	Pearson	755	–	30
Sainsbury	209	+	6	Smith (WH) A	400	–	16
Tomkins	440	+	8	Thames Water	335	–	10
Falls				Tiphook	327	–	25
Baldwin	47	–	15	UK Land	14	–	4
Barratt Devt	57	–	5	Utd. Newspapers	360	–	13
Brit. Gas	242½	–	7½				
Crown Eyeglass	148	–	17				
Dalepak	333	–	28				
Danbury	23	–	5				

BMW sales up 30% in first quarter

By Andrew Fisher in Munich

BMW, the German carmaker, achieved a rise of nearly 30 per cent in car sales during the first quarter of 1992, but Mr Eberhard von Kuenheim, the chief executive, said the company would certainly not keep this up over the whole year.

He also added some stern words to the warnings by German executives about the country's decreasing attraction as a production location, mentioning high costs, over-regulation, and bureaucratic inflexibility, especially in BMW's home city of Munich.

But he declined to be drawn further on the possibility of BMW producing cars in the US, as reported this week. "This is wholly in the stars", he said. BMW had been considering whether to produce abroad, but had no preference for any particular location.

BMW had looked at several sites in the US – the one referred to this week was Anderson, South Carolina – and obviously had to think whether it should continue supplying North America from Germany. "This is a theoretical question at the moment, but it could become very acute tomorrow."

He said the growth rate experienced in the first quarter could not be applied to the full year, since the results in January-March, 1991, had been held back by production changes caused by the introduction of the new 3-series, its smallest and most popular model.

Total world sales in the first quarter of this year rose 29 per cent to 141,000 cars. Turnover was 24 per cent higher at DM7.8bn.

Barring unforeseen events, "We assume that 1992 will be another successful year".

Production and sales should show a further rise from 1991, when group turnover rose 10 per cent to DM29.8bn ($18bn), car output 6.5 per cent to 553,000 units, and net profits 12.5 per cent to DM783m. Earnings per share were DM55, up from DM51.

Like other car companies, BMW is reducing its labour force to curb costs. "We have to consider what we can afford and what we cannot", he said.

"It is a question of how much customers are prepared to pay for our products."

This year's reduction, not involving redundancies, will be around 3,000. BMW's workforce is 74,000, mostly in Germany.

Speciality chemicals group may pay no dividend after two profits warnings

MTM breaches banking covenants

By Paul Abrahams

MTM, the troubled UK speciality chemicals group, yesterday announced it had breached its covenants with two banking syndicates led by Standard Chartered, the Hong Kong-based bank and Chase of the US.

The company, which issued two profits warnings last month, is believed to have debts of about £70m ($121m). Standard Chartered said its exposure to the company was minimal.

MTM said it was finalising a standstill agreement with its bankers, for a period initially up to April 30. The syndicate leaders are understood to have agreed arrangements but are negotiating with other syndicate members. MTM's shares fell 40p to 26p.

MTM's directors said they did not expect to be able to recommend payment of a final dividend for the year ended December 31.

The company has also asked its auditors, BDO Binder Hamlyn, to prepare a report on the reasons and circumstances surrounding the shortfall in profits that triggered its present crisis.

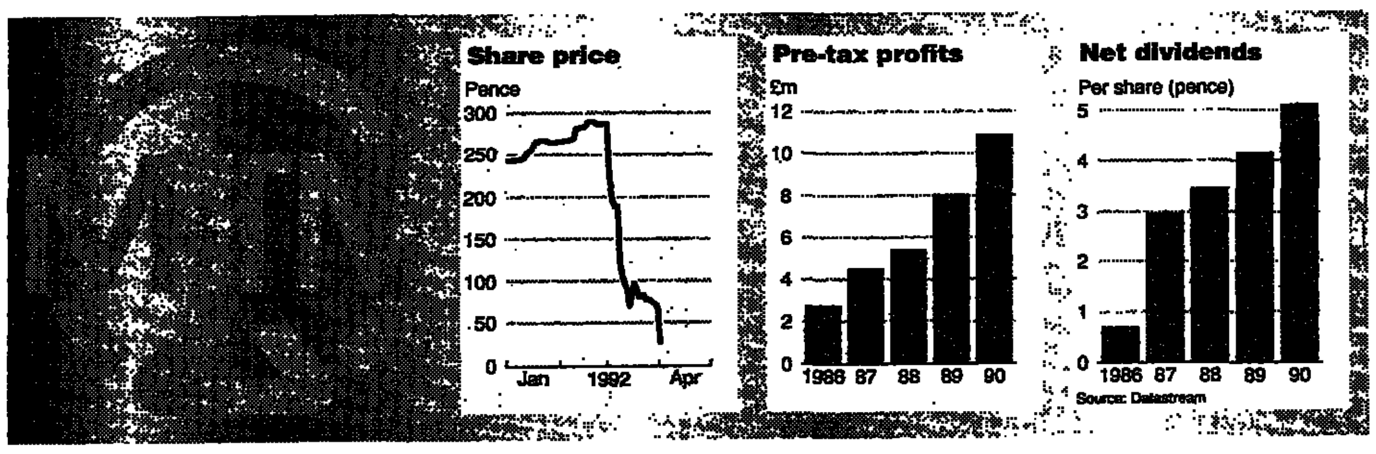
MTM said it was unable to give a date when its audited final-year figures, due on March 31, will be published. However, sources close to the company said they were unlikely to be revealed before the end of April.

MTM's auditors refused to sign off the accounts last month after a dispute about asset values. It was the revision in asset values that caused the breach in the group's covenants with its bankers. The covenants were dependent on certain debt and assets ratios.

Postern Executive Group, the corporate management specialists, has been appointed to evaluate the group's financial and operational position. It will also recommend options for MTM's future strategic development.

Mr Tom Baxter, finance director, has resigned with immediate effect, said the company. Last month the company stated he would resign when the audit was complete. Yesterday it said that although the audit was unfinished, he had completed his contribution.

Fast talk needed to explain extent of problems



MYSTERY shrouds the recent and rapid decline of MTM, the speciality chemicals group and former glamour stock and MTM and its advisers have some explaining to do if they are to save the company.

They will have to do it fast. Following the group's admission that it had breached its covenants, its bankers yesterday gave the company a stay of execution of only 30 days.

Before those 30 days expire, MTM and its advisers will have to explain to the bankers the full extent of its predicament. In addition, the group, together with the Postern Executive Group, its newly appointed corporate management specialists, will have to demonstrate how it can escape its present plight. It must also grapple with certain questionable transactions that appear to have taken place last year.

The extent of MTM's difficulties will remain obscure until it publishes its long-delayed audited full-year figures.

The present crisis was triggered when MTM's auditors, BDO Binder Hamlyn, refused to sign off the company's results last month. They disputed the way MTM appeared to have valued its assets.

The way MTM capitalised interest on construction projects was also questioned.

Staff at MTM say that although the auditors had signed off the previous year's accounts – which used similar methods – this year the accountants at BDO Binder Hamlyn were less willing to sanction such methods for two reasons.

First, the Leeds BDO Binder Hamlyn office conducting the audit was under pressure from its London headquarters to be stringent following corporate crashes which had involved lax accounting procedures.

Second, although such methods had been used before by MTM, they had not been used on such a scale.

Staff say that Mr Richard Lines, the company's founder and executive chairman, was under pressure to achieve a profits forecast of £23m ($39.6m) last month when the group was to publish its full-year figures.

If MTM could not achieve that total, the recent £62m acquisition of Hardwicke, paid for by a rights issue, would dilute earnings.

This would have undermined the group's ability to return to the City of London for cash.

Insiders say the accounting methods, which were eventually challenged by the auditors, were required to ensure the company reached that magic £23m figure. Analysts now believe profits could be as low as £10m.

Once the asset values were challenged, the group's financial position rapidly unravelled. MTM's breaching of its banking covenants was a direct consequence of the auditors' decision to challenge its asset values. With debts of about £70m, MTM's covenants were dependent on certain debt and assets ratios.

The covenants were also dependent on certain income-to-debt ratios. Analysts fear that if they have underestimated the company's debts, then MTM may also not have the income required by the covenants.

The most pressing problem facing MTM is debt reduction. Mr Alasdair Nisbet, chemicals analyst at UBS Phillips & Drew, believes the company will have *to make disposals, probably* Hardwicke.

In the short-term, the company would be unable to raise money through a rights issue because of the stock's low share price.

"If you ask the question whether MTM is going to file for receivership, the answer is probably not yet," says Mr Nisbet. "But the management will have to take some hard decisions pretty quickly if the group is going to survive."

Whether the report, prepared by BDO Binder Hamlyn for MTM's audit board, will satisfy critics remains to be seen.

Aircraft sales help Swissair to profit

By Ian Rodger in Zurich

SWISSAIR took analysts by surprise yesterday, reporting a return to profit in 1991 after a consolidated SFr22m ($14.7m) loss in 1990, and proposing a partial restoration of the dividend to SFr20 per share.

Bearer shares of the Swiss airline group rose SFr22 to SFr760 on the Zurich Stock Exchange following the news.

Mr Otto Loepfe, president, said the SFr83m consolidated net profit was "very gratifying". However, he said the group was "not satisfied with the result we recorded in 1991 as an airline". The airline remained in loss, and the group profit was made possible by an exceptionally large gain of SFr140m from sales of old aircraft. In the previous year, SFr85m had been raised in this way.

Mr Loepfe said traffic volume declined 2.6 per cent as movements of passengers, cargo and mail was hit by the Gulf war. The overall load factor was 63 per cent, against 65.8 per cent in 1990.

However, group efforts to enhance revenues and cut costs bore some fruit. Airline revenues rose 5.2 per cent to SFr5.3bn while expenses rose only 4 per cent to SFr4.9bn. Mr Loepfe said the break-even point for the airline had been lowered by 4.3 percentage points.

Revenues from flight operations were up 4.4 per cent to SFr3.8bn while services sold to other airlines gained 5.2 per cent to SFr914.8m.

Mr Loepfe said the improvement in real terms of the final profit was a key factor in the directors' decision to recommend a dividend be paid.

He said demand was likely to be slow in the current year, with a recovery in the second half.

Swissair had a strong financial base and was attempting to capi*talise on its modern fleet (aver*age age six years), a new frequent-flier programme and alliances with other airlines to improve its revenues and cut costs.

Mr Loepfe said progress in implementing the group's Global Excellence alliance with Singapore Airlines and Delta Airlines of the US had been delayed because of Delta's preoccupation with acquiring the European routes of Pan American. However, reservations systems would be linked from May 1 and 550 offices worldwide were issuing tickets for the airlines.

Cassoni leaves Olivetti for senior post at Xerox

By Alan Friedman in New York and Haig Simonian in Rome

MR VITTORIO Cassoni, managing director of Olivetti, the Italian computer and office automation group, has been named to a senior post at Xerox, the US document processing company.

Mr Cassoni, 49, who in 1988 was brought back to Italy to run Olivetti after a stint as president of American Telephone & Telegraph's data systems division, will become one of three executive vice presidents at Xerox, reporting directly to Mr Paul Allaire, Xerox chairman and chief executive.

Mr Cassoni will join the newly formed Xerox corporate office, responsible for the operations of the company.

Xerox, based in Stamford, Connecticut, reorganised its top management structure in February, creating three operational executive vice-presidents plus heads of research and technology and strategy in place of a single president under Mr Allaire.

Mr Cassoni's responsibilities will include running four of Xerox's nine document process*ing equipment divisions.* Document processing last year accounted for $13.8bn of the company's total revenues of $17.8bn. "He will be one of three people ranked second-in-command to the chairman," a Xerox spokesman said.

Although denied by Olivetti at the time, Mr Cassoni was seen by industry watchers to have been effectively demoted last November, when Mr Carlo De Benedetti, whose CIR holding company controls Olivetti, returned to the company to take full-time management responsibility.

Olivetti described Mr Cassoni's new role as an "ambassador" who would forge international alliances for the company. But it was clear to Olivetti insiders that Mr Cassoni would eventually seek new employment.

Mr De Benedetti brought Mr *Cassoni back to Italy in 1988,* as Olivetti's "global alliance" with AT & T was beginning to sour. Mr Cassoni, fluent in English, French, and Italian, launched a major restructuring.

However, Mr Cassoni increasingly faced declining growth, rapid innovation and plunging prices.

Olivetti, which suffered a L73.7bn ($59.5m) loss in the first six months of last year (against L60.9bn profit the year before), is expected to report a big full-year 1991 loss later this month.

Head of Glaxo's French unit leaves

By Paul Abrahams in London

GLAXO'S president of French operations, Mr Edwin Nathan, has left the company, following a breakdown in relations between the British group and the French government over the pricing of Imigran, its new migraine drug.

Glaxo refused to give reasons for his move. He was in charge of negotiations with the French government for Imigran.

Last month, he told a French newspaper that in exchange for a high price for Imigran, Glaxo would construct *a FFr1bn* ($170m) factory in France, set up a research and development centre or co-market the drug with Sanofi, the French pharmaceuticals group. Such deals are common in France though are not normally referred to in public.

He told Les Echos, the French financial daily: "The different ministers are dragging out the negotiations, perhaps in order not to take risks before the next elections." He pointed out France was one of the last European countries to license Imigran.

Two weeks later, the French government ordered an investigation into the ethical, legal and medical acceptability of methods used by Glaxo to market Imigran. It set up a commission to decide whether to ask the European Commission to investigate possible abuse of market position.

French officials said they were concerned that Glaxo was generating public pressure on the government to license the drug.

In particular, they were irritated by the number of articles about Imigran in consumer magazines.

France traditionally has low pharmaceuticals prices, but has among the largest per capita consumption of drugs in Europe. France spent 8.7 per cent of its GNP last year on healthcare, the second highest spending in Europe after Germany. Drugs represented 17.3 per cent of its health budget.

Glaxo has a strategy of charging high prices for innovative products. The group, like other pharmaceuticals companies, is finding it hard to maintain prices for existing products in Japan and Europe. In the US, many *have been forced by political* pressure to introduce voluntary price freezes or promises not to increase prices above the rate of inflation.

Mr Nathan is to be replaced by Mr Christopher Adam, Glaxo's commercial director. He was Mr Nathan's predecessor in France.

Gota shareholder offers support

By Sara Webb

THE BIGGEST shareholder in Gota Group, Sweden's fourth largest bank, was forced to pledge its support yesterday for the loss-making bank following rumours that Gota was close to collapse.

Trygg-Hansa SPP, the Swedish insurance group which owns 50 per cent of Gota Group, said it would underwrite the bulk of a SKr2.04bn ($340m) share issue which is planned this spring.

The guarantee means that Gota Group will probably become a consolidated subsidiary of Trygg-Hansa SPP since the other existing shareholders are considered unlikely to take up the share offer.

In a further move to restore the bank's confidence in the troubled bank, Trygg-Hansa SPP will also propose installing Mr Björn Sprängare, Trygg-Hansa SPP's chief executive officer, as chairman of the Gota Group board.

Senior management of the bank and its main shareholder met for several hours yesterday to hammer out a way of rebuilding confidence in the loss-making Gota Group.

International banks, worried by speculation in the Swedish media that Gota was facing a liquidity crisis and was close to collapse, started pressing Gota Group for further information about its financial state yesterday.

Gota Group plans to raise SKr2.04bn in preference shares – consisting of 151m shares priced at SKr13.5 each.

Trygg-Hansa SPP will underwrite SKr1.5bn of the issue. The new capital will be used to pay off a SKr1.5bn perpetual subordinated loan which Trygg-Hansa SPP made to Gota earlier this year.

Gota received its SKr1.5bn capital injection from Trygg-Hansa SPP after the bank warned that it faced heavy credit losses for 1991.

Operating loss plunged to SKr2.13bn, partly due to the bank's large exposure to the real estate sector and the collapse of finance firm Gamlestaden.

Gota was swift to point out that the capital injection was not for regulatory purposes, but intended as a confidence-building measure.

Even before the capital injection, Gota Group said its capital adequacy ratio was well over the minimum 8 per cent requirement set by the Basle accord. The risk-weighted capital adequacy ratio for the group rose from 9.22 per cent to 11.22 per cent after the capital injection.

Mr Anders Kvist, deputy managing director of Gota Bank, the wholly-owned subsidiary of the Gota Group, denied that the bank was facing a liquidity crisis.

He said that the bank has steadily and consciously reduced its foreign currency borrowings.

Skandia hit by decline in non-life operations

By Sara Webb in Stockholm

SKANDIA, the Swedish insurance group, plunged to an operating loss of SKr580m ($97m) for 1991, compared with an operating profit of SKr554m in the previous year.

The group, which has now reported a sharp deterioration in results for two consecutive years, was hit by losses in its international non-life operations and the fall in the real estate market.

However, the board proposed holding the dividend at SKr4 per share.

Total premium income climbed 17 per cent to SKr29.03bn from SKr 24.85bn. Skandia said developments were favourable in the Nordic region, where operating profit increased from SKr63m to SKr354m last year. Premium income in the Nordic area rose 9 per cent to SKr9.73bn.

However, the group suffered a serious decline in its international non-life insurance operations, including reinsurance as well as direct business.

The group said a "considerable share" of the losses stemmed from credit insurance – direct insurance and reinsurance – which is written by its subsidiaries in Norway and the UK. It said it had decided to discontinue its credit insurance activities.

The loss on international reinsurance business ballooned from SKr163m to SKr537m last year, on premium income of SKr10.02bn.

In addition, losses at its international direct non-life insurance business grew from SKr142m in 1990 to SKr558m last year, on premium income of SKr4.4bn.

Skandia said premium income for its international life assurance and financial services division nearly doubled to SKr5.48bn, although this business area showed a loss of SKr104m due to charges arising from new ventures in Germany and Japan.

It said talks with Uni Storebrand, the Norwegian insurer, and Hafnia, the Danish insurance company, about a possible link-up were continuing.

Harrisons & Crosfield pays £67m for Unilever business

By Maggie Urry in London

HARRISONS & Crosfield, the chemicals, building supplies and feedstock conglomerate, is paying £67m ($115.9m) in cash for BOCM-Silcock, Unilever's animal feeds business.

It will be merged with Pauls, H&C's animal feeds subsidiary. Unilever will suffer a loss on the deal as BOCM is valued at £85m in its books, having been written down from more than £100m.

H&C announced the purchase with its 1991 results, which showed a fall in pre-tax profits from £106.1m to £71.2m. It also maintained its annual dividend at 9p, although it is not covered by earnings per share of 7p, against 11.6p last time.

Unilever put most of its agribusiness division on the market in February, and said losses on disposals would be covered by a £60m extraordinary charge made in the 1991 accounts. BOCM-Silcock, which has 22 feed mills in the UK, is the largest of the businesses Unilever is selling.

The sale to H&C includes Unitrition, an oil miller, and Fulmar, a Scottish fish feed maker. The combined businesses had sales of £300m in 1991 and made pre-tax profits of £5.1m.

However, H&C said in its accounting policies that the business would have made £11.1m, because Unilever charges the subsidiary for head office services. On this basis, the multiple H&C is paying is 9.3 on a 35 per cent tax charge.

Mr George Paul, chief executive of H&C, said Unilever had spent heavily on its mills, but that they were working below full capacity. He said combining the 22 Unilever mills with the 11 which H&C owns would mean closures, but would give H&C market leadership and economies of scale. He said BOCM had 15.5 per cent of the market while H&C had 8.5 per cent.

The deal is subject to clearance by the competition authorities.

Mr Paul said he expected the deal to add 0.3p to H&C's earnings per share in 1992, after financing costs, when it would own BOCM for seven months, and 1.3p to earnings in 1993. The purchase would increase H&C's gearing from 38 per cent at the end of 1991 to 52 per cent. However, he said H&C planned to sell non-core businesses to bring gearing down further.

Unilever said discussions were continuing on the sales of its other agribusinesses. Its shares fell 2p to 896p, while H&C's shares rose 2p to 126p.

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Siemens division put on short-time

SIEMENS Nixdorf Informationssysteme (SNI), the loss-making German computer company owned by Siemens, will put 1,600 people on short-time working at its Paderborn plants in northern Germany from this month, writes Andrew Fisher in Frankfurt.

The company yesterday blamed the move on low capacity utilisation at the plant, where Nixdorf was based before it was acquired by Siemens.

Most of the short-time working will occur at the plant producing small computers and employing 2,300 people. The other plant, with 1,500 employees, makes information systems for sectors such as banking and the retail trade.

The period of short-time working will last for six months and cover two days a week.

SNI has already embarked on a separate programme to reduce its 50,000-strong workforce by 4,000 people through early retirement and non-replacement of those leaving.

Siemens has said SNI hopes to save DM600m ($365.8m) a year by shedding staff and cutting production costs and to halve its losses in 1992.

Lonrho pressed by investors for debt and banking information

By Roland Rudd and Robert Peston in London

LONRHO, the troubled international trading group, is being pressed by some of its largest UK institutional shareholders to divulge information on debt and banking covenants in the wake of the collapse of its share price.

Directors will be asked to reveal the amount of debt and in which countries it has been taken out.

Mr René Leclézio, Lonrho chairman, told shareholders at last month's annual meeting that net debt stood at £850m ($491.3m).

Shareholders particularly want to know whether this figure has been calculated before or after £177m was paid by Libya for the one-third stake in the Metropole Hotels.

Lonrho will also be pressed to give details of its banking covenants or conditions. A bank can apply the threat that a loan should be repaid immediately only if covenants are breached.

One shareholder said: "If our information about the group is correct, then the shares are seriously undervalued. But in the wake of the fall in the share price, we must have up-to-day information for us to make a judgment about whether this is recovery stock or not."

Mr Paul Spicer, Lonrho's deputy chairman, refused to comment on the relationship between Lonrho and its institutional shareholders, but added: "There is nothing to be concerned about. Our debt is easily explained and is being reduced".

Lonrho's shares yesterday recovered a little to close at 71p, following Tuesday's fall to 65.5p, an eight-year low. Last November the shares were worth about 250p.

Bankers said yesterday they were concerned about Lonrho's falling share price. However, they are unable to apply much pressure on the company to provide more information to them.

Lonrho's main banking facilities contain covenants that are "almost impossible for the company to breach", according to a banker.

Both Standard Chartered and Barclays Bank have substantial exposure to Lonrho's African operations.

Bankers are divided on the merits of the Libyan investment in Lonrho's Metropole Hotels chain.

"At least it is bringing cash into the company", said one banker. However, another criticised the deal which he described as "strategically wrong".

SKF plans SKr935m debenture issue

SKF, the world's leading roller bearing manufacturer, is planning a convertible debenture issue aimed at international investors. The deal could raise as much as SKr935m ($156.3m) at SKF's current share price, writes Sarah Webb.

The issue will correspond to up to 8.5m shares, and shareholders can either convert the issue into equity – in this case into unrestricted series B shares – or be repaid.

SKF said the convertible debenture was intended to refinance some of its debt. The company increased its debt by about SKr2bn when it acquired part of Ovako, a specialty steel producer with plants in Sweden and Finland.

The issue, which requires approval from this month's annual meeting, will be directed at the international capital markets.

Fiat textiles unit ahead 12.5%

By Haig Simonian in Rome

SNIA-BPD, the textiles, chemicals and munitions subsidiary of Italy's Fiat group, raised consolidated group profits by 12.5 per cent to L48.7bn ($39.30m) last year, despite a 6.7 per cent fall in sales to L2,317.8bn.

The company announced a L192bn rights issue, on the basis of one new ordinary share for every three ordinary or savings shares held.

The proceeds will be used to maintain the group's heavy investment strategy. Earlier this year, a SNIA-BPD subsidiary spent $230m to buy some of the cardiovascular activities of the US Pfizer group.

SNIA-BPD has been restructuring recently, striking joint ventures with other producers in troubled area such as fibres, while pushing ahead, via acquisitions, in new sectors like bio-engineering

The company blamed last year's fall in sales on slower world economic growth, which had affected its fibres, base chemicals and defence and space activities.

By contrast, sales on the bio-engineering side rose by 14 per cent while materials climbed by 13.3 per cent. The same trend in turnover had continued so far this year, the company said.

SNIA-BPD attributed the boost in group earnings to unspecified extraordinary elements. By contrast, net profits for the parent company almost halved to L22.2bn from L41.8bn in 1990 as a result of extraordinary burdens.

Despite the drop, the company is dipping into reserves to pay an unchanged dividend of L65 for ordinary shares, L85 for convertible savings shares, and L95 for non-convertible savings stock.

Sanpaolo Holding builds insurer links

SANPAOLO Holding, the holding company for the recently-floated Italian bank, has confirmed it is to take a further 14 per cent stake in Milano Assicurazioni, one of the main operating subsidiaries of the Fondiaria insurance concern, writes Haig Simonian.

In February, Milano Assicurazioni announced a rights issue of up to L463bn ($373.68m) amid strong speculation that Sanpaolo would use the deal to raise its 6 per cent holding.

The latest purchase of shares, which will cost Sanpaolo L195bn, is coming directly from Fondiaria.

Sanpaolo is spending a further L22.5bn to buy 1.5 per cent of La Fondiaria Assicurazioni, another of the Fondiaria group's main subsidiaries.

The deals will reinforce the growing links between the bank and Fondiaria. Under an agreement earlier this year, Milano Assicurazioni is to develop life and non-life insurance products to be sold by Sanpaolo branches.

O&Y move to pay off overdue debt

By Bernard Simon in Toronto

OLYMPIA & York, the cash-strapped Canadian property developer, is expected to raise several hundred million dollars over the next few days to help meet overdue debt obligations.

The Toronto-based company was expected to announce late yesterday that GW Utilities, its 89 per cent owned subsidiary, would immediately provide O&Y with a short-term loan pending the receipt of C$158m (US$132.7m) in special dividends from GWU on April 14.

The dividends are being financed from GWU's sale last month of its controlling interest in Interprovincial PipeLine, a large oil pipeline operator, for C$655m.

GWU is itself arranging a substantial loan secured by the second instalment from the Interprovincial sale, totalling C$277m, which is only due to be paid by buyers of the shares in March 1993. This receivables financing will, in effect, give GWU immediate access to the full proceeds of the Interprovincial sale.

In addition, O&Y is understood to be within days of concluding the sale of Exchange Tower, a Toronto building which houses its own head office and the Toronto Stock Exchange.

O&Y is due to present an interim plan for the restructuring of its estimated C$30bn debt to its creditors in Toronto on April 6.

A report by RBC Dominion Securities, Canada's biggest securities firm, has put O&Y's exposure to Canadian banks at C$2.6bn, which is somewhat higher than earlier estimates.

Proceeds from the Exchange Tower sale and the GWU loan will be used to retire two O&Y commercial paper programmes.

Repayments under these programmes have come to a virtual halt since O&Y revealed on March 22 that it was suffering a liquidity crisis. The amount of commercial paper outstanding remains at about C$380m.

O&Y has gained further breathing space thanks to what is described as an "informal" standstill agreement with a group of financial institutions on a C$450m loan to finance construction of the 68-storey Scotia Plaza complex in downtown Toronto.

O&Y failed to make a principal payment on the loan due on March 31.

The lenders refused O&Y's request for a one-year rollover, but are understood to have agreed not to take precipitate action against the company to enforce repayment.

Mr Michael Goldberg, Dominion Securities' banking analyst, said yesterday that his figures of the banks' loans to O&Y were based on "educated estimates".

Mr Goldberg puts the exposure of Canadian Imperial Bank of Commerce, O&Y's biggest creditor, at C$1.1bn, which is higher than other estimates published so far.

Royal Bank of Canada's exposure is estimated at C$700m, Bank of Nova Scotia at C$450m, Bank of Montreal at C$200m and National Bank at C$150m.

The sixth Canadian bank, Toronto-Dominion, last week said that it has no direct exposure to O&Y.

NOVA, the west Canadian energy, pipeline and petrochemicals group, plans to raise about C$300m ($252.1m) in new equity in the North American and European capital markets and regulatory filings have been completed, writes Robert Gibbens in Montreal.

The issue is being co-ordinated internationally by RBC Dominion Securities, and the company says the actual amount will depend on market conditions.

The issue will be finalised on April 20 and closing is set for April 28.

Last year, Nova took a C$675m special restructuring charge mainly to write down the value of its petrochemicals business. Including this, it posted a final loss of C$829m on revenues of $3bn.

North American petrochemical producers have announced polyethylene and styrene price increases for May 1.

● Videotron, the Canadian communications group investing US$150m in cable TV in southern England, has raised C$68m of new equity by an issue of subordinate voting shares to Canadian investment dealers. The new equity had to be raised by October under an agreement between Videotron's British cable TV subsidiary and Citicorp and Bank of Boston.

US metals group links with Tokyo

By Kenneth Gooding, Mining Correspondent

REYNOLDS METALS, the second-largest US aluminium group, has signed memoranda of understanding with two Japanese corporations – Mitsubishi Aluminium and three members of the Sumitomo "family" – to develop new applications and production techniques for the use of aluminium within the automotive industry.

The US group claims it is one of the world's largest suppliers of aluminium products to the automotive industry with sales of 471m lb, worth $556m last year.

Reynolds announced recently that it would accelerate research and development work in this sector, which is seen to hold the greatest growth prospects for the aluminium industry.

Reynolds' main competitor, Alcoa, suggested recently that by 2005 transport applications would generate worldwide demand for another 2bn lb of aluminium.

Data General to axe 1,000 jobs as expected recovery withers

By Louise Kehoe in San Francisco

DATA GENERAL, which last year showed signs of a recovery, yesterday said it may record an operating loss for the second quarter.

In addition, the US minicomputer-maker announced it was cutting 1,000 jobs, – almost one-eighth of its workforce – and would take a second-quarter charge of about $46m.

The anticipated losses represent a setback in Data General's financial turnround.

The company returned to profitability in fiscal 1991 after four years of heavy losses during which operations were severely cut and the company developed a new "open systems" product line.

Data General said that while revenues from its AViiON family of open systems computers continued to be strong, sales of its older line of proprietary systems had slowed.

The company said that second-quarter revenues would be below industry analysts' projections. The company blamed competitive pricing pressures and a weak worldwide economy.

Ronald Skates: a painful but necessary step

The workforce reduction would be worldwide, with "a significant number of administrative positions being eliminated within the company's international operations", Data General said.

Neither the company's salesforce nor its research and development operations would be affected.

"This is a painful, but necessary, step," said Mr Ronald Skates Data General president and chief executive.

"Competitive and economic factors are accelerating the need for companies both within and outside the computer industry to become more efficient.

"Data General is positioned both organisationally and strategically to succeed," said Mr Skates.

"Our product strategy is correct. In addition, our financial position continues to be strong."

For the first quarter, Data General reported net income of $4.0m, or 12 cents per share, on revenues of $294.8m, down from $12.4m, or 41 cents per share, on revenues of $311.7m in the same period a year earlier.

Data General's stock price fell yesterday to $8⅝ from a Tuesday close of $9¼. As recently as January, Data General has traded as high as $18⅝.

Hong Kong halts Evergo taking associate private

By Simon Holberton in Hong Kong

THE Securities & Futures Commission, Hong Kong's corporate watchdog, yesterday scored an important victory over one of the colony's most controversial corporate raiders when it successfully intervened to stop Mr Joseph Lau's Evergo International from taking private its associate Chinese Estates.

The SFC said it had appeared before the Supreme Court of Bermuda on Tuesday and requested it to overturn the approval by Chinese Estates' shareholders of Evergo's bid because of irregularities in the conduct of the vote.

Mr Ermanno Pascutto, an executive director of the SFC and chairman of the Hong Kong Takeovers Committee, said the commission's successful intervention in the Bermuda court would bolster confidence in Hong Kong's system of regulation. He pointed out that about 40 per cent of Hong Kong's listed companies were registered in Bermuda and that concern had been expressed that they might have been trying to escape regulation by being so domiciled.

Chinese Estates' shareholders in February approved a scheme whereby Evergo could acquire the 50.4 per cent of the company it did not already own. Shareholder approval had to pass two tests – a majority of voters had to approve the scheme and their combined shareholding had to account for at least 75 per cent of the stock under offer.

Minority shareholders cried foul after this meeting, and the SFC and Takeovers Panel commenced an investigation.

The SFC found that 527 of the 644 shareholders who voted held just 4,000 shares in the company – the smallest dealing size allowable on stock exchange trades. Of those, 491 appeared on the company's share register at the end of August last year, just before Evergo bid for Chinese Estates.

"The voting pattern for the meeting suggests, and our inquires so far lend weight to the suggestion, that one person did orchestrate both a splitting of shares into. . . lots and the purchase of [those] lots," the SFC said.

"The Takeovers Committee is not aware of any evidence linking this person to Evergo or Chinese Estates," it added.

Malbak moves ahead while refocusing on consumers

By Philip Gawith in Johannesburg

MALBAK, the industrial arm of the Gencor group, weathered the effects of a worsening economy to record a 29 per cent increase in earnings in the six months to the end of February.

Turnover rose by 27 per cent to R5.3bn ($1.84bn), assisted by a number of acquisitions. Operating income was 10 per cent higher at R393m. Attributable earnings rose to R152m from R118m.

Earnings per share dropped by 3 per cent to 55.1 cents following a share increase. The interim dividend was maintained at 12.5 cents a share.

The reporting period was a busy one for Malbak as it acquired control of Fedfood and SA Druggists, and disposed of its holdings in Darling and Hodgson and half of its stake in Standard Engineering. It also arranged a R430m rights issue.

The effect of these deals was to give Malbak a stronger consumer focus, particularly in food and pharmaceuticals, while largely removing it from the engineering and construction fields.

Mr Grant Thomas, executive chairman, said he was delighted with the performance, which was in line with forecasts despite worsening conditions. He said consumers were only now feeling the full effects of the recession and hence no significant upturn in the group's sales was foreseen in the second half.

Mr Thomas said most divisions had performed satisfactorily, though the branded consumer products and healthcare divisions had been hardest hit by the recession. The food division was the largest contributor to earnings with R36m, or 24 per cent.

German watchdog challenges Allianz's might

David Waller unravels the web of shareholdings controlled by Europe's largest insurance group

THE German cartel office has made a tough decision: it is taking on the full might of the German financial establishment.

This week, the Berlin-based monopolies watchdog decided that Allianz – Europe's largest insurance company – must reduce its stake in Dresdner Bank, Germany's second biggest.

Allianz, conservative and publicity-shy, is one of the most powerful financial institutions in Europe – possibly the most powerful. It is by far the biggest participant in the German and the European insurance markets. It also exercises profound influence on German industry and financial services through a network of shareholdings worth, according to some estimates, DM400bn ($243.9bn).

Dresdner Bank is the second biggest of Germany's big three banks. Along with Deutsche Bank and Commerzbank, Dresdner exercises considerable power over German industry.

Together, it is thought that the Dresdner-Allianz axis holds powerful minority stakes in a number of very large German companies – including Bayer and Hoechst, two of Germany's big three chemicals giants; the MAN engineering group; the Lufthansa airline group; Metallgesellschaft; Heidelberg Cement; RWE and the Thyssen steel group – to name but a few of the holdings.

The full reasons for the cartel office's decision have not, as yet, been made public – indeed, they have not even been communicated to the two companies concerned. However, it is clear, even at this stage, that the order will be strenuously resisted.

It may take years for the battle to be resolved. At stake is the future shape of not just the German insurance industry but the also the future pattern of relations between industry and finance in Germany.

Under German anti-trust laws, companies must seek cartel office approval for any purchase of more than 25 per cent in another company. At that level, it is deemed that the acquirer starts to have significant influence over the management of the acquiree – and is in a position to block rights issues and acquisitions.

The Berlin authority first became interested in the relationship between Allianz and Dresdener in the summer of last year when it emerged that Allianz had increased its stake in the bank to over 22 per cent, up from a hitherto disclosed level of 10 per cent. This followed an agreement in 1989 when Allianz and Dresdner decided to sell each others' services, cementing the relationship by taking a 10 per cent stake in one another.

In this case, as in others, Allianz was scrupulously careful to keep its stake to below the 25 per cent threshold. However, Berlin has been looking at a web of other stakes which – it has now decided – give Allianz greater *de facto* influence over the management of the bank than is suggested by the 22.3 stake under Allianz's direct ownership.

Last weekend, in a Der Spiegel magazine article, it was suggested that Berlin had decided that Allianz spoke for 47 per cent of the bank, almost a majority. This figure was at first confirmed by the cartel office, then denied.

Allianz itself put out an angry statement saying – in essence – that the 47 per cent figure was wrong, and that its stake was 22.3 per cent.

At issue is the influence which Allianz exerts over two investment companies which between them own 21 per cent of Dresdner's shares. These are Frankfurter Gesellschaft für Finanzwerte (FGF) – with 10 per cent of the bank – and Vermo with 11 per cent. Allianz does not hold a direct stake in either of these two companies, but it does hold stakes in some shareholders.

For example, it holds a 24.6 per cent stake in Bayerische Hypobank, one of Germany top five banks, which in its turn holds a 12 per cent stake in Vermo. Allianz also holds sizeable minority stakes – around the 10 per cent level, according to Der Spiegel – in each of Bayer, Linde and RWE, three industrial companies which are reported to control a further 36 per cent of Vermo between them.

Similarly, Allianz holds no direct stake in FGF, which is owned by 14 insurance companies – other than Allianz – one property company and one chemicals company – believed to be Hoechst – none of which owns more than 10 per cent of FGF.

However, Allianz does have stakes in some of these stakeholders – for example a 25 per cent cross-holding in Munich Re, the Munich-based reinsurance company. Together with Munich Re, it has a controlling interest in Hamburg Mannheimer, Germany's second largest life company after Allianz and a shareholder in FGF.

Allianz maintains that it is nonsense to accuse it of controlling either FGF or Vermo when it has no direct stake. Even if account is taken of all its holdings, the stake still does not reach 25 per cent, it says.

However, many analysts are convinced that Allianz really does pull the strings at Dresdner and other companies in which it holds stakes, irrespective of the formal level of its holdings.

The Germans call this *vorauseilendgehorsam* – a structure of pre-emptory obedience. This means that these companies will never act against Allianz's wishes – acting as if they were majority controlled by Allianz, even if formally they are not.

To illustrate this, there is speculation in the German press that Allianz has blocked Dresdner from setting up its own life assurance business ahead of the European Community-driven freeing-up of the heavily-protected German insurance market in 1994.

Deutsche Bank set up its own life subsidiary in 1990 – reportedly much to the annoyance of its largest shareholder, which just happens to be Allianz, with a 10 per cent stake.

Furthermore, Dresdner has used its 10 per cent stake in Aachener & Münchener, Germany's second largest insurance company, to support the incumbent management in its bid battle against AGF, the French state-owned insurance company which has amassed a 25 per cent stake in its target.

Is this not another example of *Vorauseilendgehorsam*? Certainly Dresdner is acting in accordance with the wishes of an Allianz keen to keep foreign companies out of its home patch – the source of its profitability and the fuel for its recent expansion overseas.

A battle between Allianz and the cartel office is likely to last years. Meanwhile, the biggest loser at this stage would appear to be Dresdner. The bank's shares fell by 2 per cent on Monday after the news was announced.

Silver lining behind Japanese economic clouds

Emiko Terazono reports on the quickening pace of reform in the Tokyo corporate bond market

WHILE Tokyo financial markets found little comfort in the Japanese government's emergency economic package unveiled on Tuesday, companies welcomed proposals that could quicken the pace of reform in the country's corporate bond market.

The government indicated this week that it wanted to eliminate limits on corporate bond issuance, allowing a broader range of companies to raise funds through a wider range of instruments.

Currently, only companies with market capitalisation of more than Y100bn, and which have over Y100bn shares traded on the stock market annually, are allowed to issue straight bonds.

These restrictions will now be relaxed. In addition, companies will be allowed for the first time to issue bonds with one and two-year maturity and floating rate notes.

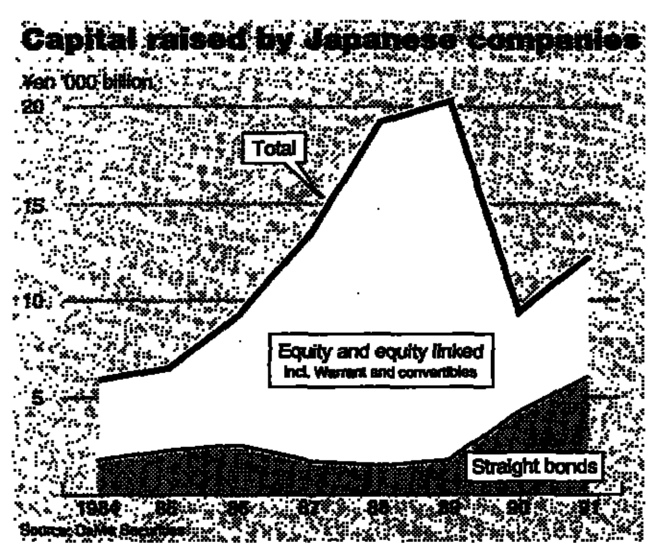
Deregulation of the corporate bond market is already underway, in line with the Ministry of Finance's dismantling of the barrier between the banking and securities industries, slated for next year.

Banks are expected to enter the underwriting business, currently dominated by the big four brokerages – Nomura Securities, Daiwa Securities, Nikko Securities and Yamaichi Securities.

The commission-bank system, in which every issue has a bank that acts as an agent representing investors, is also expected to be abolished.

Banks will have the most to lose since they will forfeit high fee revenue as the agent bank. Also, corporate bonds with shorter maturities will compete against banking deposits, while floating rate notes are an attractive alternative to short-term bank lending.

Daiwa Securities said that although it may take more than two years for legislative changes, the calls for reforms pointed to a more larger and liquid corporate bond market in Japan.



In the past, Japanese companies have relied on banks for financing, and in the peak of the bull market in the late 1980s turned to cheap equity-linked financing. In the last quarter of 1989, Japanese companies raised Y9,000bn through equity-linked issues.

However, with the stock market's slump, sources of financing have dried up for companies. New share issues during the fiscal year to March 1992 plunged 48 per cent from the previous year to Y243.9bn.

Banks, which face increasing bad loans, need to widen profit margins, and are reluctant to lower rates despite a decline in the official discount rate.

Although demand for funds has subsided briefly due to the current lull in the Japanese economy, financing needs for Japanese companies are expected to rise from the middle of this year due to repayments on the equity-linked issues. According to Daiwa Securities, Japanese companies will see a total of Y6,950bn equity-linked debt maturing in the year ending March 1993. The amount is expected to rise to Y9,000 in the year ending March 1994.

Economists also predict Japanese companies will need to start financing themselves for capital investment once the economy picks up, the consensus being during the third quarter of this year.

Mr Marshall Gittler, bond analyst at UBS Phillips & Drew, said although the proposals were not revolutionary, and the pace of change is expected to be gradual, further restructuring of the corporate bond market would provide an option for Japanese companies.

BHP closer to winning control of NZ Steel

By Terry Hall in Wellington

FISHER & PAYKEL and Steel & Tube Holdings, two members of the consortium controlling New Zealand Steel, have agreed to sell their 25 per cent shareholdings to BHP.

Their agreements, announced yesterday, are central to BHP gaining control of NZ Steel, operator of the big Glenbrook mill near Auckland, a big exporter of steel products to Australia. BHP has a 31 per cent shareholding.

Both agreements to sell, however, are subject to approval from the Australian Trade Practice Commission (ATPC) and the New Zealand Commerce Commission. In 1989, the ATPC strongly opposed BHP gaining control of NZ Steel. It said then that high tariff barriers meant that NZ Steel was one of BHP's few competitors.

Fisher & Paykel and Steel & Tube became partners in NZ Steel in 1989 as part of the BHP-led consortium that bought the company from collapsed Equiticorp for NZ$323m (US$177.5m). Steel & Tube is 49 per cent owned by Tubemakers of Australia, which is in turn 49.8 per cent owned by BHP.

The fourth member is the ANZ Bank, with 19 per cent. Yesterday, ANZ said it had not received an offer, but "would be happy to receive" one.

This week, BHP said NZ Steel needed a further capital injection – partly to reduce debt – which it was prepared to commit. However, the other partners were unwilling to do so because of poor returns.

All partners in the consortium have invested in preference shares in NZ Steel since 1989, and both Fisher & Paykel and Steel & Tube said they had agreed to sell these to BHP.

Fisher & Paykel said it would receive NZ$47.75m for its preference shares, but no other figures have been disclosed on the proposed purchase price.

Norges Postbank proposal detailed

By Karen Fossli in Oslo

NORWAY'S minority Labour government has given details of its proposal to establish the controversial state-owned Norges Postbank, which is expected to begin operation before the end of this year.

Norges Postbank is viewed by some as a new threat to the country's banking sector, which is struggling to survive after suffering several consecutive years of large losses.

The decision to press ahead with the creation of Norges Postbank comes during Norway's worst banking crisis since the 1930s and at a time when a consolidation of the sector is underway.

It also comes three months after the state became the owner of Christiania Bank and Fokus Bank, two of the country's top banks, as part of a rescue operation to save them from insolvency.

The bank is to be established with equity capital of NKr2.175bn ($336m) and will have an equity ratio of 33 per cent in relation to risk-weighted balance sheet items.

It will be formed from the Norges Postsparebank – a state-owned savings bank operated by the postal system, with assets of NKr41.3bn.

Norges Postsparebank will also contribute NKr300m to the new bank. These funds will constitute a loss-reserve fund and infrastructure for Norges Postbank.

Last year, Norges Postsparebank lifted operating profit to a record NKr517m, from NKr450.1m a year earlier. Unlike commercial and savings banks, Norges Postsparebank has suffered only minor credit losses in recent years. In 1991, its credit losses were just NKr36.3m, up from NKr27.2m in 1990.

Norges Postbank will operate under the rules which govern both commercial and savings banks, forcing it to compete under the same conditions. It will have to charge fees on a par with the commercial and savings banks in order for the state to phase out subsidies.

Japan Leasing in transfer accord

By Robert Thomson in Tokyo

JAPAN Leasing has become the country's largest leasing company after absorbing the domestic business division of LTCB International Leasing, an affiliate of Long-Term Credit Bank of Japan (LTCB).

The transfer agreement is a result of the already close links among the three companies – Japan Leasing has a 30 per cent stake in LTCB International Leasing, and LTCB holds 4.8 per cent of Japan Leasing and 4.9 per cent of LTCB International Leasing.

The bank said the transfer of outstanding leasing claims of about Y80bn ($601.5m) to Japan Leasing "is in the interests of all the companies". The transfer price was not disclosed.

It said LTCB International would be able to concentrate on international business, while Japan Leasing would have extra influence in the domestic market after having surpassed Orix.

Japan Leasing now has an estimated Y870bn in leasing assets, while Orix has about Y850bn, although both companies have been under pressure following the collapse of the Japanese "financial bubble", which has increased their exposure to bad debts and led to a slowdown in corporate leasing.

LTCB International said the transfer of assets would reduce its expenses and make it more competitive in international leasing business. About a quarter of the company's 107 workers have been sent to Japan Leasing, while contracts with 700 clients have been absorbed.

Correction

Sandvik

IN the issue of March 11, it was incorrectly stated that the Sandvik Saws and Tools unit posted a loss of SKr16bn for 1991. The loss was, in fact, SKr16m.

Indian iron project planned

By Gita Piramal in Bombay

MUKAND, the Bombay-based subsidiary of Bajaj – India's fourth largest group – is ready to set up a sponge iron plant in Maharashtra state in a joint venture with Bharat Forge, part of the Pune-based Kalyani iron and steel group.

The companies are engaged in talks aimed at reaching an agreement on building a Rs6.5bn ($225.6m) plant producing 800,000 tonnes of hot briquetted iron a year.

Mukand already operates the largest electric arc furnace in India, while Bharat Forge has the largest forge in the country's private sector.

The groups are among the largest buyers of sponge iron and scrap in India. Once the new plant comes on stream, at least 70 per cent of its capacity will service the raw material needs of the companies.

The new facility is expected to be a setback for the growth plans of Essar Gujarat, the Ruia group company which was hoping to supply Mukand with at least half the capacity of its huge new sponge iron plant at Hazira.

The joint venture also puts a question mark over other plans by the companies. Earlier, both Mukand and Bharat Forge announced ambitious plans to build large integrated steel plants. These may well now be shelved.

Meanwhile, Indian government studies anticipate a sixfold rise in sponge iron production over the next three years.

INTERNATIONAL CAPITAL MARKETS

UK bonds shaken sharply by election fears

By Richard Waters in London and Karen Zagor in New York

ELECTION jitters shook the UK government bond market sharply yesterday, wiping nearly a percentage point off gilt prices early in the day and pushing yields on 10-year bonds at one stage to 10 per cent. Ten-year gilts now yield around 2 per cent more than German bunds – though the widening gap has yet to bring out many buyers.

GOVERNMENT BONDS

The cause of yesterday's fall was three opinion polls which pointed to the possibility of outright victory for the opposition Labour party. With the general election a week today, the market seemed to feel the ruling Conservative party has little chance of regaining lost ground to secure an outright majority.

One immediate effect was a sharp hike in short-term rates, with three-month money rising to around 11¼ per cent, ¾ percentage point above the current UK base rate. The move reflects concern that a Labour government would have to boost short-term rates to defend sterling's position in the exchange rate mechanism.

Ten-year yields rose from 9.9 per cent on Tuesday to 10 per cent yesterday, later falling slightly. Meanwhile, the benchmark 9 per cent gilt maturing 2011 lost ¾ of a point, falling to 93⅞, or a yield of 9.7 per cent.

Although there was a widespread view yesterday that the market had fully discounted a Labour victory, some parts of the yield curve could still be vulnerable: at the short end, for instance, where few expect a ¾ point rise in interest rates to be enough to protect sterling in the aftermath of a Labour victory, and in the three to four-year area, where a yield of 10.5 per cent may not fully reflect pressure in short-term interest rates.

■ US Treasuries drifted modestly higher yesterday morning ahead of Friday's release of the March employment report.

In late morning trading, the Treasury's bellwether 30-year bond was up 1/16 to 100⅝ to yield 7.94 per cent.

Although yesterday's release of the National Association of Purchasing Management's report for March showed continued economic growth in March, bonds firmed on the report. The US economy grew at its fastest rate since September 1991, with the NAPM index rising to 54.1 per cent. New orders for March, at 62.4 per cent, were also at their highest level since June 1988.

The bond market, however, took strength from a decline in the March employment index, which dropped to 42.8 per cent from 44.5 per cent in February. A reading of less than 48 per cent is generally consistent with a decline in the Bureau of Labor Statistics' data on manufacturing employment. However, NAPM said employment tends to lag growth in the economy by several months.

■ THE long-awaited cut in Japan's official discount rate, from 4.5 per cent to 3.75 per cent, was greeted yesterday by a bout of profit-taking and gloom about the prospects for further gains in the government bond market. It was, said one analyst, "too little, too late" to lift confidence.

Any further rate cut may not arrive until the summer, and with most of the bad economic news apparently already priced into the market, and further pressure on the Japanese yen, there seemed little prospect yesterday for government bonds to gain much ground in the weeks ahead. The yield on the no 129 bond closed at 5.36 per cent, up four basis points on the day.

■ FRENCH government bonds gave up their gains of Tuesday, slipping by ½ point, as the hoped-for cabinet reshuffle failed to materialise yesterday and the market was pulled back by profit-taking. June bond futures fell by 0.26 on the day, to 107.36.

Weakness in France also set the tone for German government bonds, though losses in the bund market were less severe (the yield gap between the two markets opened up again to over 70 basis points, reversing the tightening seen earlier in the week).

Further unease came with the Bundesbank's latest weekly repurchase auction. The hike at last week's auction had been widely put down to technical factors. There was a further tightening yesterday, with DM9.4bn being taken from the market. The yield on 10-year bunds slipped from 8 per cent to nearly 8.03 per cent, while bund futures lost 0.24 to 87.20.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	100.5916	-0.455	9.91	10.01	10.05
BELGIUM		9.000	06/01	100.7000	-0.100	8.88	8.90	8.63
CANADA *		8.500	04/02	97.8500	-0.200	8.83	8.68	8.37
DENMARK		9.000	11/00	100.4500	-	8.91	8.83	8.57
FRANCE	BTAN	8.500	03/97	98.1064	-0.115	8.98	8.96	8.69
	OAT	8.500	11/02	98.4200	-0.330	8.72	8.64	8.42
GERMANY		8.000	01/02	99.7900	-0.160	8.02	7.99	7.82
ITALY		12.000	02/02	97.7200	-0.030	12.40†	12.32	12.15
JAPAN	No 119	4.800	06/99	95.6403	-0.269	5.66	5.61	5.72
	No 129	6.400	03/00	105.4250	-0.821	5.42	5.33	5.40
NETHERLANDS		8.250	02/02	98.9700	-0.080	8.40	8.37	8.18
SPAIN		11.300	01/02	101.9600	-0.100	10.94	10.94	10.66
UK GILTS		10.000	11/96	98-23	-22/32	10.35	10.00	9.43
		9.750	08/02	98-12	-24/32	10.00	9.74	9.30
		9.000	10/08	94-01	-24/32	9.73	9.53	9.13
US TREASURY *		7.500	11/01	99-23	-02/32	7.54	7.50	7.32
		8.000	11/21	100-07	-07/32	7.98	7.94	7.86

London closing. *denotes New York morning session. Yields: Local market standard. † Gross (including withholding tax at 12.5 per cent payable by non-residents.) Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Lucas likely to lose top commercial paper rating

By Simon London

LUCAS Industries, the UK engineering group, is likely to lose its top credit rating for commercial paper but has pre-empted the move by replacing short-term borrowings with long-dated institutional funding.

Standard & Poor's, the US rating agency, said it was reviewing the A-1 credit rating of Lucas Industries and its US subsidiaries following the announcement of results for the six months to end-January.

The agency said the fall in trading profits to £32.7m, from £66.5m, was worse than expected. It noted net interest cover, before exceptional items and distribution from pension fund surplus, had fallen to under two times, from over five times in the last full financial year.

But, Lucas has already moved to repay commercial paper in the US. Last week, it said it had secured £100m 12-year debt funding from a group of US financial institutions, arranged by Wertheim Schroder.

Mr Peter Skeggs, assistant treasurer, said the arrangement had been used to pay down uncommitted short-term funding in the US, mainly commercial paper. A term loan arranged last year was also used for this purpose.

Net of the proceeds of the debt placement, Lucas will have only around $30m of commercial paper outstanding in the US. In the UK, the company has a cash surplus, said Mr Skeggs.

The debt placement with five US financial institutions, led by Lincoln National of Indiana, gives the company access to fixed-rate dollar funding at an interest rate of 8.57 per cent. The proceeds of the placement were swapped into floating-rate dollars.

● Harrisons & Crossfield, the diversified UK trading group, has raised $120m debt funding maturing between 2002 and 2004 from a placement with US institutions arranged by Barclays de Zoete Wedd Securities.

Industry opposition may delay Swedish shares reform

By Sara Webb in Stockholm

THE LIFTING of restrictions on foreign ownership of Swedish shares may be delayed until 1994 due to strong opposition from Swedish industry.

While officially welcoming foreign investment and capital, the Confederation of Swedish Industry said more time was needed to implement the necessary changes to companies' articles of association.

According to Swedish law, foreigners used to need government permission to own more than 40 per cent of a Swedish company's share capital or over 20 per cent of its voting rights. Although the law was abolished with effect from January 1 1992, more than 200,000 Swedish companies still contain these restrictions in their articles of association.

According to a proposal from the *Aktiebolagskommitten*, a working group appointed by the government to look at the question of share ownership, companies must change their articles of association by January 1 1993 or else the changes will be imposed on them by the government. The committee's proposals are currently under discussion and suggested amendments must be submitted to the government by May 8 1992.

Already, some companies have started to propose changes to their articles of association at their annual meetings, according to the Confederation of Swedish Industry.

Argentine bank raises $100m in Eurobonds

By John Barham in Buenos Aires

BANCO Rio del Plata, Argentina's largest private bank, has raised $100m in the Eurobond market. The bank said it planned to return to the market with a further $100m bond issue before the end of the year.

The bank is paying a yield to investors of 9.6 per cent a year on the three-year bonds. Argentine corporate and government borrowers have been flocking to the Eurobond market in the past 18 months. Rates and maturities on the international market are more attractive than the under-capitalised local market.

Local legislation has also been reformed to encourage borrowers to enter the bond market by offering companies tax exemptions. Equally, international investors have taken increasing interest in Argentine paper, since Argentine borrowers must still offer above-market yields.

DKB in debt-for-nature swap

DAI-ICHI Kangyo Bank (DKB), the leading Japanese commercial bank, is to donate $1m of its loan portfolio to the Republic of Ecuador in a "debt-for-nature" swap to assist a conservation project in the Galapagos Islands, writes Emiko Terazono in Tokyo.

The debt donation will be channelled through the World Wildlife Fund (WWF) Japan, and is the first to be organised within Japan.

Japanese banks have been reluctant to become active in such projects, due to the negative image of lending to developing countries. A Japanese bank official said they were afraid that shareholders would find such write-offs hard to accept.

DKB will donate the right of claim for the loan to WWF Japan, and will write off $1m next fiscal year to March 1993. The WWF will then release the obligation of repayment to Ecuador.

European Investment Bank issue causes controversy

By Simon London

THE European Investment Bank yesterday provoked controversy in the international bond market, launching a new issue which was shunned by many leading underwriting firms and seen by many as a threat to market profitability.

The Ecu400m 12-year deal was lead-managed and largely underwritten by Deutsche Bank Capital Markets, which identified substantial demand for long-dated Ecu bonds.

INTERNATIONAL BONDS

However, most recognised Ecu bond firms declined to take part, arguing the pricing and fee structure chosen by the issuer offered no return to underwriters.

The bonds were issued at 100.66 per cent, with full fees of 2⅛ per cent. Hence underwriters owned the issue at 98.535, where the bonds yield 4 basis points more than Ecu bonds issued by the French government, the sector's benchmark.

Deutsche Bank supported the deal at this lower level. Intermediaries can only make a return by selling the bonds at a higher price than quoted by the lead manager.

A group of nine mainly continental European banks opted to participate in the deal on this basis, hoping to sell the bonds to retail accounts.

The EIB has caused controversy with earlier bond issues which have been handled as "block trades", wholly underwritten by a single firm with only small fees.

For a transaction of this maturity, underwriting fees are normally 30 to 35 basis points, or 0.3 to 0.35 per cent of the total amount raised. The EIB has shaved underwriting fees below 10 basis points in some recent transactions.

However, these earlier deals were sold at a fixed price which guaranteed participants at least a slender return.

The lead manager fixes the price at which bonds must be sold to investors, usually at a level which guarantees a minimum return to underwriters. The system was introduced to protect the profitability of intermediaries.

Deutsche Bank said yesterday it had firm demand for the bonds at a yield spread of around 4 basis points. Its underwriting risk was, therefore, slight.

However, many firms complained that abandoning the fixed price re-offer method of syndicating new issues would damage primary market transparency, since each participant in the deal could sell the bonds at a different price.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
ECUs						
European Inv. Bk.(a)†	400	8.5	100.66	2004	2.125/1.5	Deutsche Bk.Cap.Mkts
YEN						
Hino Motors Co.(a)†	20bn	6	101.525	1996	1.625/1.375	Nikko Europe
East Japan Railway Co.(a)†	20bn	6	101.625	1997	1.875/1.25	Yamaichi Intl.
Mitsubishi Kasei Corp(a)†	20bn	6	101.50	1996	1.625/1.325	Yamaichi Intl.
SWISS FRANCS						
Eurofima(b)†	200	6.75	100.25	2004	-	UBS
Higashi Nihon House(c)★★§	90	4.625	100.00	1996	-	Banque Kankaku (Suisse)
PESETAS						
Bank of Greece(d)†	10bn	12.50	101.50	1997	1.55/1.2	Bco Santander De Negs.

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Fungible with existing SFr400m deal, launched 5/2/92. c) Put option 30/04/94 at 109.375. Coupon payable semi-annually. d) Matador issue. Non-callable.

LONDON MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on April 1

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield	OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	104⅞	105⅛	+⅛	6.77	BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		10.01
ALBERTA PROVINCE 9 3/8 95	600	107⅜	107⅝	+⅛	6.95	COPENHAGEN TEL 8 5/8 96 LFr	600	98¼	99¼		9.17
[illegible]						[illegible]					

(Further sections — DEUTSCHE MARK STRAIGHTS, SWISS FRANC STRAIGHTS, YEN STRAIGHTS, FLOATING RATE NOTES, CONVERTIBLE BONDS: [illegible])

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn = The current coupon.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Data supplied by International Securities Market Association.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	0	73	7
Other Fixed Interest	0	12	5
Commercial, Industrial	81	761	628
Financial & Property	32	423	335
Oil & Gas	8	38	41
Plantations	0	0	9
Mines	39	12	96
Others	55	34	49
Totals	215	1,353	1,170

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price £	+or -
[illegible]							

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+or -
[illegible]							

TRADITIONAL OPTIONS

- First Dealings — March 30
- Last Dealings — April 10
- Last Declarations — July 9
- For settlement — July 20

3-month call rate indications are shown on this page.

Calls in: ASDA, Cabra Ests., Corporate Services, Greycoat, Lonrho, LWT Pref., Midland & Scottish, Owners Abroad, Premier, Proteus, Pittencrieff, Racal and Tarmac. **Put in:** Dares Ests. **Puts & Calls:** Helical Bar and News Intl.

LONDON TRADED OPTIONS

Option		Calls Jul	Calls Oct	Calls Apr	Puts Jul	Puts Oct	Puts Apr
Alld Lyons	550	53	63	80	3	13	20
(*598)	600	16	33	50	16	34	41
ASDA	30	4	6	7½	3	4	6
(*31)	34	2	-	-	6	-	-
Brit. Airways	240	12	21	29	6½	17	21
(*245)	260	4½	12	21	17	29	32
SmKl Beecham A	800	58	85	108	4½	20	31
(*847)	850	22	54	77	18	40	52
Boots	420	12	21	34	10	22	25
(*421)	460	2	8	18	43	49	53
B.P.	240	15	21	26	3½	9	14
(*249)	260	4½	11	16	13½	20	22
British Steel	60	9	11	12½	1½	3	4½
(*66)	70	3	5½	7½	5½	8	9
Bass	525	25	39	56	8	21	25
(*537)	550	10	27	40	22	33	37
[illegible]							

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
BAT Inds	650	47	67	75	11	23	33
(*679)	700	19	37	48	35	47	57
[illegible]							

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Midland Br	330	27	36	38	13	16	18
(*338)	360	13	18	24	30	33	35
[illegible]							

(FT-SE INDEX and EURO FT-SE INDEX option sections: [illegible])

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS		Charter Cons	37	Ladbroke	17	Sears	8	■ OILS	
Allied-Lyons	49	Comm Union	32	Legal & Gen	27	SmKl Bchm A	65	Aviva Pet	30
Amstrad	5½	Courtaulds	39	Lex Service	16	TI	48	BP	21
Aztec (BSR)	3	Eurotunnel	34	Lloyds Bank	29	TSB	9½	Burmah Castrol	38
BAT Inds	50	FKI	5½	Lonhro	15	Tesco	19	Conroy Pet	8
BOC	48	FNFC	8	Lucas Inds	10½	Thorn EMI	58	Gaelic Res	½
BTR	32	Forte	18	Marks Spencer	24	T & N	11½	Premier Cons	2½
Barclays	30	GKN	26	Midland Bank	19	Unilever	70	Shell	33
Blue Circle	20	Gen Accident	31	NatWest Bank	23	Vickers	12	Tuskar Res	½
Boots	33	GEC	15	P & O Dfd	30	Wellcome	72	■ MINES	
Bowater	58	Glaxo	59	Racal Elect	5	■ PROPERTY		RTZ	42
Brit Aerospace	30	Grand Met	70	RHM	16	Brit Land	18		
British Steel	6	GRE	10	Rank Org	52	Land Sec	32		
Brit Telecom	24	Hanson	16	Ratners	3	MEPC	26		
Cadburys	33	ICI	90	Reed Intl	39	Mountleigh	1½		

Daily Telegraph listing proposed

By Bronwen Maddox

MR CONRAD Black, the Canadian proprietor of the Daily Telegraph, yesterday announced that he was considering a Stock Exchange listing for the UK newspaper group in June "barring a market over-reaction" to the outcome of the UK election.

At the same time he announced the sale of his 8.6 per cent stake in United Newspapers, publishers of the Daily Express, ending three years of speculation about his intentions.

The proposed flotation would require the Hollinger Group, the international media group which is Mr Black's main holding company, to reduce its present holding from 83 per cent to 70 per cent.

A minority of the shares is currently held by directors and former owners of the Telegraph newspapers.

The Telegraph newspapers have just announced pre-tax profits for 1991 of £40.5m on turnover of £219m, compared to profits of £38.5m the year before, on turnover of £222m.

Mr Joe Cooke, managing director of the Daily Telegraph, said that the proposed flotation and the sale of the United Newspapers stake did not indicate that Hollinger was short of money: "it is more in the way of building up a war chest".

Hollinger Group sold the 17.25m United Newspapers shares to brokers Smith New Court and Cazenove, who placed it with several dozen institutions at 350p a share, raising £60.4m.

United Newspapers shares yesterday slipped by 13p to 360p.

The average price paid by Hollinger in building the stake in July and August 1989 is believed to be about 458p, implying a loss on the shares' value of about £18.6m. This does not include either the cost of financing the investment or dividends received.

Hollinger said yesterday that it still believed United Newspapers "is a fundamentally undervalued stock but . . . there are more attractive investment possibilities . . . and the resources engaged in holding this investment can be more prudently applied to the reduction of outstanding loans."

The stake sale followed United Newspapers' 1991 final results last week, which exceeded City expectations.

It also comes four months after Hollinger paid A$1.4bn for Fairfax, the Australian newspaper group. The company's worldwide collection of titles includes the Jerusalem Post and over 80 newspapers in Canada and the US.

Stock market speculation that Hollinger would bid for United Newspapers or try to buy its stable of regional newspapers or business magazines pushed the share price to a peak of 512p in late 1989, but speculation has been ebbing for some time.

Mr Graham Wilson, managing director of United Newspapers, which also publishes the Sunday Express and Daily Star, said "we got on perfectly amicably while he was a shareholder and we'll get on amicably now he's not".

The Telegraph and Express newspaper groups will continue their joint venture of London printing facilities at West Ferry in Docklands.

Hogg disappoints with decline to £16.8m

By Richard Lapper

DEPRESSED investment income and losses in its Australian business held back profits at Hogg Group, the insurance broker, despite strong growth in new business.

The group reported pre-tax profits of £16.8m, down from £17.1m in 1991. Earnings per share were down to 15p compared with 16.4p last year.

The final dividend is maintained at 5p making a total for the year of 8.15p, up just 1.9 per cent.

The group's dividend cover is 1.85 and it has cash available for potential acquisitions. The City, however, was unimpressed marking the shares down 19p to close at 167p.

The fall in investment income to £7.45m (£9.56m) masked an 11.4 per cent rise in profits from insurance broking to £13.2m (£11.9m) on the back of a 10.7 per cent rise in turnover to £111m (£100.2m).

The UK operations performed strongly with revenues rising to £60.1m (£51.9m), with rates rising by an average of 5 per cent.

Profits from the group's Lloyd's members' agents fell to £600,000 (£1.04m) and from divested managing agents to £2.27m (£2.87m). Other activities contributed £210,000 and exceptional items £490,000 (£750,000).

● COMMENT

Of all the listed UK brokers, Hogg is most dependent on low margin retail business – which accounts for 75 per cent of its income. Over a third of its business is generated in the US where insurance rates remain depressed and about 60 per cent of its investment funds are in dollars. Add in the maintained final dividend, the fact that about 15 per cent of its business is with the Lloyd's market and that its Lloyd's agency business faces a couple of troubled years ahead and it is easy to understand the market's negative reaction to yesterday's dip in profits. Even so there were some positive aspects. Outside Australia new business growth has been strong, expenses were reduced by two percentage points last year and, in the longer term, the group has more than doubled its broking profits in the last five years. For 1992 profits of £18m can be expected lifting earnings per share to about 16p, which on yesterday's closing price of 167p leaves the group on a prospective p/e of under 11. That seems cheap for a sector trading on a historic multiple of over 15.

Senior Engineering bucks sector trend with 14% rise

By Andrew Baxter

SENIOR Engineering Group, the specialist engineer with interests ranging from construction services to flexible tubing, bucked the gloomy sector trend with a 14 per cent increase in annual profits.

The pre-tax line for 1991 rose from £16m to £18.3m, despite lower group turnover of £297.6m (£318.3m).

Professor Sir Roland Smith, the chairman, emphasised the results were achieved while many engineering companies had experienced significant downturns, and that they followed a "very creditable" performance in the previous year.

Earnings per share edged up from 6.1p to 6.56p. A recommended final dividend of 1.95p makes a total of 3.15p (2.86p) for the year. The pay-out is covered more than twice – contrasting again with the uncovered dividends paid by several other engineering groups.

The performance of Senior's four business areas and its Australasian business varied widely, with thermal engineering, the largest division, lifting operating profits from £2.63m to £4.28m on turnover down from £129.5m to £125m.

Mr Don McFarlane, group manufacturing director, said the division had benefited from cost reductions carried out in 1990 and from two important industrial trends – power station refurbishment and the "tremendous progress" in industrial boilers linked to combined heat and power (CHP) and waste recovery projects.

The engineering products division saw profits fall from £6.43m to £4.21m as turnover slipped from £103m to £90.6m. However, Mr John Bell, the division's chief executive, said the return was reasonable given that the tubing, heat treatment and expansion joint businesses had been hit by the recession.

The construction services side raised profits from £4.84m to £6.71m as turnover edged up from £49.8m to £52.3m. Business has been aided by the focus on high-specification, non-commercial contracts, and by the acquisition of Nordclima, a German air handling business.

On acquisitions, Flexonics, the US flexible hose and expansion joint company purchased in February for $40m (£23m) was performing better than expected, said Mr Bell. The company also wants to increase its presence in the German flexible hose market.

Elsewhere, said Mr McFarlane, Senior is keen to make a further construction services acquisition in Germany to complement Nordclima.

● COMMENT

Senior has taken a few knocks from the City over the years for being unexciting, but in the current climate there is much to be said for a virtually debt-free company that has consciously aimed for steady growth. The results reflect the prescient round of cost-cutting in 1989 and 1990, along with Mr McFarlane's philosophy of devolving profit responsibility. As for the outlook, Senior is not seeing any significant signs of change in business levels, but is well placed for the recovery: a 4 per cent return on sales in engineering products at the bottom of the cycle augurs well, while acquisitions such as Flexonics have boosted non-UK earnings to 40 per cent of the total and could go higher. At the very least, expect maintained earnings this year, putting the company on a prospective p/e of about 11.

Shake-up again at Conroy

By Tim Coone in Dublin

MR RICHARD Conroy has regained his chairmanship of Dublin-based Conroy Petroleum and Natural Resources, the company he founded. This has occurred less than two months after a boardroom coup led by the two main shareholders, Outokumpu and Dundee Bancorp, ousted him and the rest of the board at an extraordinary meeting in February.

In what has developed into a saga of Irish corporate trench warfare over the control of a large 6m ton zinc/lead ore deposit in Ireland, Mr Conroy rallied his troops last month for the counter-attack, with the buy-out of Dundee's 16.3 per cent stake by Columbia Investments, a company controlled by Mr Tony O'Reilly, one of Ireland's leading businessmen.

The battle for control of Conroy was precipitated at the end of last year by Conroy's share-swap takeover of Atlantic Resources, a company owned by Mr O'Reilly, and which was viewed by Outokumpu as a move designed to dilute its stake in Conroy. Mr Conroy maintained that Outokumpu was seeking total control over the future marketing of ore from the Galmoy zinc deposit, Conroy's principal asset still awaiting planning permission.

Yesterday Outokumpu announced the resignation of its four Conroy board members, saying it had been "unable to agree a basis for the reconstitution of the full Conroy board and management of the company" following the appointment of four new directors by Colombia last month.

Outokumpu holds 22.5 per cent of Conroy while Mr Conroy and "those who are deemed to be concert parties with him" control 28.9 per cent following Colombia's purchase of the Dundee stake.

Cypriot bank offensive in PPI row

By David Barchard

THE TURKISH Cypriot Central Bank has taken the offensive in a legal battle with the administrators of Polly Peck International, the collapsed fruit, leisure, and electronics group, and is to contest the High Court's decision to serve a worldwide order against it last year.

News of the move, which if successful might result in the award of damages to the bank, came within hours of a decision in the House of Lords refusing the administrators permission to appeal against an Appeal Court decision last month lifting the freezing order against the bank on £38.9m of its assets.

"We strongly object to the way the administrators pitched their argument against the bank in terms of fraud and money laundering.

Their evidence did not justify a Mareva injunction. That has now been vindicated by the Appeals Court and the House of Lords," said Mr David Janney of Theodore Goddard, the solicitors acting for the Turkish Cypriot Central Bank, which itself acts on behalf of the internationally unrecognised Turkish Cypriot government.

The bank has already won costs in the case, believed to run into several hundred thousand pounds, from the Polly Peck administration.

The original High Court order was one of six worldwide orders granted last November to the administrators who are seeking to recover about £500m of funds allegedly improperly removed from the company.

Last month the Central Bank won a Court of Appeal ruling lifting the freezing order on its assets.

Likely interference of a Mareva injunction with the normal working of the bank and the weakness of the administrators' evidence were given as reasons for the Appeal court ruling.

The Turkish Cypriot Central Bank still faces a less stringent temporary injunction requiring it to keep £10.7m in a special account until tracing claims on funds have been resolved.

Bowthorpe bids for Penny & Giles

By Peggy Hollinger

BOWTHORPE HOLDINGS, the electrical and electronic components maker, yesterday launched a £30m agreed bid for instrument manufacturer Penny & Giles, sending the target's shares leaping 32 per cent in a falling market.

Penny & Giles shares closed 75p higher at 310p yesterday in response to the offer. Mr John Westhead, Bowthorpe's chief executive, said Penny & Giles would fit the group's strategy of exploiting niche markets. "We aim to get it into the top three position around the world," he said "That is what we are good at."

Bowthorpe shares ended the day just 2p down at 234p. The company already holds just under 30 per cent of Penny & Giles.

Bowthorpe is offering 136 new shares for every 100 Penny & Giles shares. Alternatively, Penny & Giles shareholders may elect to take 1 new Bowthorpe share and 84p cash for every one of theirs. Based on last night's prices the offer values Penny & Giles shares at 318p.

Mr Westhead said the deal with Penny & Giles offered global synergies. For example, Bowthorpe had businesses in the US which manufactured products complementary to Penny & Giles's output in the UK. About 80 per cent of Bowthorpe's sales were outside the UK, said Mr Westhead, with 60 to 70 per cent manufactured abroad. Penny & Giles exported about 40 per cent of its business. "The emphasis will be on growth outside the UK", he said.

The deal was likely to dilute Bowthorpe's earnings by less than 2 per cent, said Mr Westhead. He added, however, that the dilution would be eliminated within 18 months.

The new Bowthorpe shares will be eligible for the 4.43p final dividend announced in the annual results last month. Bowthorpe reported an 11 per cent decline to £40.3m in the year to December 31.

Beckenham board defends shares

Directors of Beckenham Group, the USM-quoted maker of ductwork systems and specialist distribution, yesterday said they knew of no reason for the recent substantial fall in the share price.

The directors said the results for the year to October 1991 would be announced on April 14. Although they showed substantial losses and write-downs, directors said that management figures for the first four months of the current financial year were significantly better than for the second half of 1991.

Banking facilities had recently been renewed and the order book was ahead of last year.

The shares yesterday rose 2p to 9p.

Adwest hit by losses in defence division

By Peggy Hollinger

LOSSES IN the defence division hit Adwest, the car parts and power systems group, as it recorded its lowest interim profit for ten years.

In the period to December 31 the pre-tax outcome fell 34 per cent, from £3.07m to £2.03m. Sales, however, declined only 2 per cent to £60.5m (£61.8m).

Mr Fred Grant, chairman, offered some encouragement for the full year, however, saying the opening three months of the second half were significantly better than last year.

"The main reason is we are coming to an end of the rationalisation programme," he said, "and we are beginning to see the benefits."

The two-year restructuring programme throughout the group had resulted in staff cuts of 24 per cent over 18 months, and nine fewer factories for a total of 17.

Indicating that he expected the group to return to its traditional one third/two thirds profits pattern this year, and perhaps even exceed that in the second half, Mr Grant said the interim dividend would be maintained for the fourth consecutive year at 1.25p. This was almost twice covered by earnings per share of 2.3p (3.2p).

Analysts welcomed Mr Grant's upbeat comments, although the results came in at the lower end of expectations. Forecasts for the full year to June 30 were pitched at between £6.5m and £7.5m, compared with £7.1m last year.

The power systems business had been hampered by losses in defence, which had since been eliminated.

Adwest had no intention of abandoning defence, Mr Grant said. "If everyone else gets out through the exit door, then maybe we would like to stay in."

The property division contributed the majority of profits. Industrial rents had been raised by 12 per cent per annum and Mr Grant expected to achieve £2.5m (£2m) in rent rolls this year.

On the automotive side, which represented some 60 per cent of turnover, the fortunes of the Jaguar group presented some uncertainty, said Mr Grant. "We do not know from week to week what some of our customers will be doing," he said. However, that uncertainty was offset by new contracts for Japanese car manufacturers such as Nissan, Honda and Toyota.

Refinancing plans expected at Young Group

By Chris Tighe

Young Group, the USM-quoted opencast and drift coal-mining concern, is expected to announce today a refinancing package, following the suspension yesterday of its shares for the second time in seven weeks.

The company requested yesterday's suspension – early last month it warned of substantially lower-than-expected profits for the year to November 30 1991 – announcing that it needed more working capital and confirming that it was in negotiation with its bankers and large shareholders to arrange additional finance.

As expected the Durham-based company, which operates in the UK and Venezuela, failed to publish its annual results by the end of March.

The warning, which coincided with the reinstatement of dealings in its shares after a fortnight's suspension from mid-February, triggered a dive from 96p at resumption. When dealing was again suspended yesterday, the price was 35p.

Confirmation last week of a £16m contract from British Coal Opencast, Young's biggest-ever scheme, did not deliver the hoped-for boost to the share price.

MGN buy-out team hold talks

By Bronwen Maddox

THE MANAGEMENT buy-out team at Mirror Group Newspapers met yesterday for the second time in a week, at the offices of Electra, the venture capital group, to plan a £250m refinancing as part of its bid to take over the group.

MGN, which includes the Daily Mirror, Sunday Mirror, and Scottish Daily Record, used to be one of the most soundly-financed parts of the empire of the late Mr Robert Maxwell.

However, after his death in November it emerged that he had siphoned £97m out of MGN's bank accounts, and several hundred million pounds from its pension fund, leaving some of its staff and pensioners facing poverty.

Sir Peter Parker, chairman of the buy-out group, which also includes Mr Richard Stott, editor of the Daily Mirror, told a meeting of the team and Mirror editorial heads of department on March 25 that the team was proposing a £250m refinancing "right now". The team has written to the Mirror's board to tell them this.

However, one participant in yesterday's meeting emphasised that the £250m figure should be regarded as provisional. The administrators, Arthur Andersen, who now control MGN, have not yet released financial figures for 1991 or projections of future trading.

The administrators have appointed Rothschilds, the merchant bank, to handle the sale.

The two obstacles delaying a sale are understood to be the poor advertising climate, which could allow a higher price to be achieved by waiting, and the uncertainty about the group's legal responsibility to make good the deficit in its pension funds.

Sir Peter made clear to the meeting that "I would not touch this buy-out unless we could honour the pension commitment".

Electra, which has received several expressions of interest from potential investors, has identified a potential chief executive currently working in the media industry. However, it declined to give the person's name to the meeting.

Petrocon appeal to Panel over James Wilkes bid

By Richard Gourlay

PETROCON and its advisers, Robert Fleming, are to appeal to the full Takeover Panel to try to reverse what is increasingly looking like a thwarted bid for fellow engineering company, James Wilkes.

The Panel's executive earlier yesterday rejected Fleming's contention that NM Rothschild, Wilkes advisers, had given a few crucial shareholders material additional information that was not made available to the market as a whole.

The panel executive ruled that the offer, which closed on Monday, should not be extended and that it would have lapsed but for Petrocon's appeal to the full Panel which will be heard on Friday.

Petrocon is understood to be angry that a few shareholders, including Baring Brothers and Edinburgh Fund Managers, were given assurances that two Wilkes directors, who helped support Mr Stephen Hinchliffe, the discredited former chairman, would play reduced roles in Wilkes in the future.

In an all-paper bid battle that has revolved around the question of which management team is best equipped to turn Wilkes around, Petrocon is thought to believe such assurances were material to the bid.

As one observer said "to lose one director during a bid is unfortunate; to lose two would have been viewed as careless."

The departure of Mr Hinchliffe, who resigned as chairman after the £35m bid was launched, appears to have assuaged a number of institutional shareholders' concerns about Wilkes's future.

Last Friday, Edinburgh Fund Managers decided not to back Petrocon with its 8 per cent stake in Wilkes even though it had given written assurances that it earlier been among institutions that wrote to say they would support the bid.

More light thrown on Goldman Sachs' dealings with Maxwell

By Raymond Hughes and Bronwen Maddox

AN ATTEMPT to force the Department of Trade and Industry to disclose documents for use in a pending criminal trial has thrown more light on dealings between Goldman Sachs, the US investment bank, and the late Mr Robert Maxwell.

Mr Peter Marks, a director of stockbroker Branston and Gothard, is to be tried in June for alleged offences under the Financial Services Act.

It is alleged that on October 12 1990 he told Mr Timothy Medland of Goldman Sachs Securities that he believed that on that day Mr Robert Maxwell would be calling in the liquidators or filing for bankruptcy of Maxwell Communications Corporation – a statement Mr Marks is alleged to have known was untrue.

Mr Andrew Collins QC, for the DTI, said at Knightsbridge Crown Court yesterday that Mr Marks made about £2,000 from his "bear raid" – dealing in MCC shares on the assumption that they would fall.

Mr Marks' lawyers asked the court to order the DTI to hand over any documents relating to Goldman Sachs' involvement with Maxwell.

The DTI claimed the documents sought were government papers that it was not in the public interest to disclose, and were in any event not relevant to Mr Marks' trial.

Mr Collins said the documents dealt with concerns about what might have happened in relation to Goldman Sachs and Mr Maxwell and what should be done, but they were not relevant to Mr Marks' trial. It was no secret that there was a continuing investigation into Mr Maxwell and his companies, he added.

Judge Hordern said the DTI had established its immunity claim but he would look at the documents to see whether they were relevant to the trial. Mr Anthony Scrivener QC, for Mr Marks, told the court that the whole case depended on what was said between Mr Marks and Mr Medland.

The documents already made available showed that on July 26 1991 the DTI wrote to Mr Maxwell raising queries about a possible breach of the Companies Act and said: "We understand the facts to be that . . . on August 13 or 14 1990 . . . you granted Goldman Sachs an option to sell you 15.65m shares in MCC."

The option gave Goldman the right to sell 15.65m shares to Mr Maxwell in November at a previously fixed price and so could have given it an incentive to buy MCC shares, or not to sell ones it already held. Goldman has said that when the option was issued it already held enough shares to fulfil it and so had no incentive to buy.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Acala ....fin	nil	-	nil	nil	0.4
Adwest ....int	1.25	May 15	1.25	-	7
Ash & Lacy ....fin	3.9	May 30	3.9	6.4	6.4
Cap and Regl § ....fin	0.7	-	0.6	1	0.9
European Project.....fin	0.47	July 13	0.2	0.47	0.2
Harris/Crosfield........fin	5.4	July 6	5.4	9	9
Hogg ....fin	5	July 1	5	8.15†	8
House of Lerose .....fin	7.3	June 8	7.3	10.3	10.3
Lec ....fin	10.5	May 16	10.5	14.5	14.5
Nth British Can ....fin	2.35	June 24	2.1875*	3.25	3.0625*
Radamec ....fin	0.5	July 3	nil	0.5	nil
Senior Eng ....fin	1.95	June 1	1.78	3.15	2.86
Sherwood Comp § ..fin	4.5	June 11	3.75	6	5.25

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. §USM stock.

BOARD MEETINGS

TODAY

Interims- Barry Wehmiller, Manchester United

Finals- Assoc Fisheries, Baird (Wm), Brook Service, Campari Intl, Dawsongroup, Gowrings, Great Southern, Hewden Stuart, Home Counties Newspapers, London & Manchester, Oliver, Palon, Redland, Scholl, Scottish Heritage Tst, Spirax-Sarco Eng, Sun Alliance, TR City of London, Telemetrix, Tilbury Douglas, Trans World Comms.

FUTURE DATES

Interims-

Allied London Properties	Apr. 13
Beckman (A)	Apr. 9

Finals-

EFG	Apr. 8
Elys (Wimbledon)	Apr. 10
Farnell Electronics	Apr. 14
Folkes	Apr. 28
Hammerson Property	Apr. 14
United Friendly	Apr. 7

LWT shows strong growth to £25m

By Raymond Snoddy

LWT (Holdings), the franchise holder for London weekend television, yesterday announced a 21 per cent increase in pre-tax profits and appealed for a relaxation of rules governing the take over of television companies.

At present large ITV companies can only acquire the smallest commercial television concerns.

"We think it would be reasonable to relax restrictions on big companies being able to take over medium sized companies and let the market decide whether that is appropriate," said Mr Christopher Bland, chairman. "The limits on takeovers of medium or even large companies should be set by market share of advertising – about 25 per cent."

The attack on present restrictions came as Mr Bland announced that LWT had beaten the trend and the recession to increase pre-tax profits for 1991 by 21.5 per cent, from £20.8m to £25.2m. Earnings per share rose 23 per cent, from 14.9p to 18.3p basic and from 13p to 16p fully diluted.

Trevor Humphries

Greg Dyke (left) and Christopher Bland: beat the trend

Turnover fell from £275.7m to £260.5m.

The fixed preferred dividend is raised by 50 per cent to 5.91p – the last increase possible before the share conversion scheme matures in autumn 1993. If the share price reaches 278p by then – and it rose 5p to 263p yesterday – Mr Bland and Mr Greg Dyke, chief executive, will be able to exercise options worth several million pounds, as will, to a lesser extent, 38 other executives.

Mr Bland said yesterday he thought the chances of being able to exercise the options "reasonably strong."

LWT has been able to increase profits against a background of three years of flat advertising revenue in the UK – a decline in real terms. It had also reduced debt by £17m to £27m over the year.

Part of the answer has come from cutting costs. Staff numbers have fallen by more than 40 per cent since 1988 to 723 full time at the moment. The numbers will continue to fall but not drastically.

At the same time it has increased its share of network and London advertising helped by successful drama.

The company, which claimed the highest margins in ITV, said it attracted more viewers from the managerial and professional ABC1 groups than the BBC, and that 30 per cent of its weekend peak time ratings came from its own programmes rather than the rest of the ITV network.

LWT retained its franchise against opposition with a surprisingly low bid of £7.58m.

Mr John Scaife, media analyst at Canadian Imperial Bank of Commerce, said yesterday that LWT had taken costs out early and that when the economy improved would be taking money in "in buckets."

Mr Bland forecast that "some high bidders will find it difficult to survive on their own."

Losses at Acsis rise to £4.5m as sales slump

By Richard Gourlay

ACSIS GROUP, the nursing recruitment and sales promotion company, yesterday reported a further fall into the red but said the worst of its problems were now behind it.

For 1991 the loss rose to £4.53m at the pre-tax level on sales nearly halved at £29m. Profits for the previous year amounted to £4.94m.

Losses per share of 1.8p compared with earnings of 2.8p. The dividend is being omitted – the 1990 payment was cut to 0.4p.

The group's banks, which last year agreed to reschedule £8m of its debt with the first repayment after three years, have to approve any dividend payment.

The group has to hold an extraordinary meeting to discuss the fact that net assets have fallen below half its called-up share capital. The board plans to take no action.

Mr Robert Ledger, finance director, said the group had traded profitably in the first quarter of this year.

"We are trying to rebuild the value of the company for the benefit of the shareholders and the banks," he said. "In three years time if we can treble the number of nurses recruited this business becomes extremely cash generative."

Mr Ephraim Barsam, the company's largest shareholder and a large creditor, is to become chairman at the annual meeting, replacing Mr Neil Balfour, who became acting non-executive chairman following the departure of South African Mr Darryl Phillips.

Mr Ledger said that following the sale of certain businesses, more than half Acsis's sales this year would come from the nursing business which recruits English speaking nurses for the US market.

Heavy expenditure on recruiting and training nurses last year should begin to produce additional revenues this year, Mr Ledger said.

H&C tumbles 33% but pays uncovered maintained dividend

By Maggie Urry

HARRISONS & Crosfield yesterday recommended an unchanged final dividend of 5.4p although the 9p total for 1991 was not covered by earnings of 7p per share. Earnings in 1990 totalled 11.6p per share.

Mr John Maltby, chairman, said the board had given considerable thought to the dividend. He said many of the group's shareholders were high income funds; shareholders had supported the rights issue in May 1990; the group's cashflow could sustain the payment and prospects for a recovery in profits were good enough to justify it.

The shares rose 2p to 126p in response, against the market trend.

However, Mr Maltby said that 1991 was "not the happiest of years", and so far in 1992 there were "only faint signs of recovery".

Pre-tax profits tumbled 33 per cent to £71.2m (£106.1m). Group sales were 2.2 per cent up at £1.83bn, but operating profits fell 27 per cent to £92.4m (£126m) after a loss on disposals of £1.4m (profit £6.1m). Redundancy costs of about £2.5m were charged against profits.

Operating profits from the chemical and industrial division were 32 per cent lower at £30.1m (£44.3m). Mr George Paul, chief executive, said the profits were hit by falling demand from the building products industry and by increased competition from Russia.

In the timber and building supplies division, profits fell 33 per cent to £22.8m (£34.2m), though in the second half the fall was shallower than in the first.

The main problem was a sharp fall in UK sales volumes, although a higher gross margin following the acquisition of Crossley in May 1990 and cost savings alleviated the profit decline.

The food and agriculture division, which is being boosted by the acquisition of BOCM-Silcock, suffered a £1m profit fall to £30.4m after an increase in profits in the first half. Here the sharp fall in pig prices hit pig feed profits but most other areas were ahead. Pig prices have recovered again. The group makes own-label foods for supermarkets but has just launched a branded dog food called Bakers Complete.

The plantations business increased profits from £10m to £10.5m helped by higher yields, especially for cocoa where trees planted in recent years are reaching full production.

The interest charge was higher at £21.2m (£19.9m). After a 31.5 per cent tax rate (30 per cent), profits attributable to shareholders were £48.2m (£75m) while the dividend cost £61.7m (£61.6m).

Net borrowings were £185.3m (£176m) at the year-end and shareholders' funds were £488m (£514m). Interest cover was 4.4 times (6.3 times). The cashflow statement showed a £6m deficit. H&C cut working capital by £45m, mainly in the timber division, and disposals raised £37m, covering the £31m spent on acquisitions.

See Lex

AAH spends £15m on acquisitions

By Maggie Urry

AAH HOLDINGS, the healthcare and distribution group, announced two acquisitions yesterday.

It is paying up to £13m for ECE (Distribution Services) a specialist contract distribution company, and £1.8m for five pharmacies.

ECE has six depots handling processed foods and the deal will treble the size of AAH's transport division.

Mr Bill Pybus, chairman, said the acquisition switched the division's emphasis to contract distribution for manufacturers and retailers. ECE's pretax profits in 1991 were £2.6m and are forecast at not less than £2.3m for the year to March 31 1993. Net assets are £3.2m.

Four of the pharmacies being acquired are on the Isle of Wight and one at Weymouth on the south coast. Net assets involved are not less than £300,000. They will take AAH's chain to 151 pharmacies.

For the ECE deal AAH is paying £10.5m now with the possibility of another £2.5m in three years time depending on profits. For the two deals, AAH is issuing 2.54m shares of which 1.45m have been placed with institutions. AAH is also paying £690,000 in cash.

Extraordinary restructuring loophole exploited by ICI

By Andrew Jack

THE TREATMENT of substantial reorganisation costs in the 1991 accounts of Imperial Chemical Industries, the pharmaceuticals group, and Unilever, the Anglo-Dutch consortium, has exposed loopholes in the existing system of accounting regulation.

ICI has not restated £300m of net extraordinary costs – related to a series of business closures and restructurings announced in 1990 – in spite of a pronouncement from the Accounting Standards Board's urgent issues task force late last year that such costs should generally be treated above the line as exceptional items.

Meanwhile, Unilever said yesterday that its 1991 annual report – due to be published in mid-April – would also not restate a £195m extraordinary charge described in the 1990 accounts as reorganisation expenses "in the light of legislation leading to the single European market".

ICI did restate a net £39m share in Tioxide Group for fundamental restructuring classified as extraordinary in the 1990 accounts and now presented as exceptional. This has reduced 1990 pre-tax profits to £936m.

If the other reorganisation costs had been included, pretax profits would have been £636m, instead of the originally stated £977m. The extraordinary item, unchanged at £300m, was for divestments, closures and other restructuring measures.

It is believed that publication of the ICI and Unilever extraordinary items in the 1990 accounts were two of the incidents that spurred the urgent issues task force to produce its abstract, which came into force in mid-November.

The abstract states that restructuring costs should be treated as exceptionals. Any remaining extraordinaries will require full description in the company's financial statements of both the event itself and the nature of the related restructuring costs. There is no such additional explanation in the ICI accounts.

However Mr Michael Hughes, the partner at KPMG Peat Marwick responsible for the ICI audit and a member of the 16-strong urgent issues task force, says ICI's treatment falls outside the task force guidelines and was discussed with the Institute of Chartered Accountants in England and Wales before the 1990 accounts came out.

Mr Hughes says that SSAP 6, the relevant accounting standard, permits the inclusion of the closure of business segments as extraordinary items. Given that the £300m charge applies to a previous year, he argues that there is no need for ICI to include any justification of why it is extraordinary.

Other accountants suggest that the company should, at the very least, have provided more explanation. But Mr Hughes says: "There may be important commercial considerations which restrict disclosure of certain kinds of information."

Guidance from the task force is not always clear, partly because its pronouncements are not allowed to contradict the wording of existing accounting standards. One accountant described the abstract on restructuring costs as "trying to put a plaster on a leg that should be amputated".

However, the uncertainty over extraordinary items is likely to be eradicated this summer with the launch of a new financial reporting standard. In its draft form as Fred 1, it orders the virtual elimination of extraordinaries. As Mr David Tweedie, chairman of the ASB, says: "SSAP 6 is fundamentally flawed. That's why we launched Fred 1."

Emap expands via £4m purchase

By Raymond Snoddy

EMAP, the publishing and exhibitions group, has acquired Trenton, an exhibition company and another small slice of the empire of the late Mr Robert Maxwell.

Having recently paid £21.5m for most of the business magazines published by Maxwell Business Communications, Emap spent a further £4m for Trenton. It organises four main national trade fairs in heating and ventilation, packaging, fluids, and commercial fishing. In most cases the exhibitions link up with business magazines.

Last week Reed Exhibition Companies bought Evan Steadman Communications, another Maxwell subsidiary, which organises exhibitions in the industrial, scientific, electronic and antiques sectors.

The sale of the two exhibition companies means that virtually all of Maxwell Business Communications has now been successfully sold by Price Waterhouse, the administrator to Maxwell Communication Corporation.

Mr Alan Barrett, the Price Waterhouse partner responsible for disposing of MBC, said yesterday that a gross total of £40m had been raised by the disposals, with all businesses continuing to operate and only a handful of redundancies.

"I am very pleased at the outcome," Mr Barrett said.

● Emap also announced that it had increased its stake in Kiss FM, the London commercial radio station, from 59 per cent to 94 per cent. Emap now has 75 per cent of the voting rights in the station which claims a regular audience of 1.2m in London, particularly in the 15-24 age group.

Sherwood Computer jumps 23%

By Alan Cane

SHERWOOD COMPUTER Services, the USM-quoted company specialising in insurance software, yesterday reported a 23 per cent increase in pre-tax profits, from £1.99m to £2.45m, last year.

Sales, however, dipped 10 per cent to £22.3m (£24.8m), a consequence of the transfer of the disaster recovery business to a joint venture with ICL, the computer manufacturer, during the year.

The share price, which has improved 40 per cent since the beginning of this year, yesterday rose 1p to 195p.

The balance sheet was strengthened with net assets increasing from £4.1m to £5.1m with net cash of £2.3m.

Mr Richard Guy, chief executive, said the company was well placed to make acquisitions to improve its position in its key financial services and government markets. There was, he said, a choice of companies to buy and an acquisition was likely in the near future.

The company's fortunes have improved markedly since it moved to products based on open, or industry standard, systems but it is still spending large amounts on research and development – £2.6m in both 1990 and 1991.

Mr Guy said investment would not be as high this year but would remain significant. This year's accounts included an exceptional provision of £191,000 for potential losses on one of the first installations of Sceptre, the company's Lloyds software.

Fully diluted earnings per share increased by 26 per cent from 15.5p to 19.6p.

A proposed final dividend of 4.5p gives a total of 6p (5.25p) for the year.

Frost acquires 17 petrol retail sites

Frost Group, through its Save Service Stations subsidiary, has acquired 17 petrol retailing sites for a total of £3.61m cash.

The sites, 14 of which are freehold and three leasehold, are free of tie.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 02.04.92: Pool purchase price £/MWh	Final Prices for Trading on 05.03.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.72	17.04	17.04
0100	16 77	17.03	17.03
0130	16.81	17 06	17.06
0200	23.85	17.06	17.06
0230	27.20	17.04	17.04
0300	27 20	17 04	17.04
0330	26.90	17 03	17.03
0400	16.91	17.02	17 02
0430	16.87	17.02	17.02
0500	16.81	17.02	17.02
0530	16.81	17.02	17 02
0600	16.82	17 03	17 03
0630	16.67	17.02	17.02
0700	18.71	18 65	19.94
0730	19.15	18.65	19.95
0800	20.90	18.65	19.97
0830	22.48	18 36	19.65
0900	22.60	18.99	20.30
0930	24 87	31 07	32.80
1000	24 84	31.07	32.78
1030	24.83	31.07	32.80
1100	25 35	20.38	21.75
1130	25.41	18.51	19.81
1200	24.13	20.38	21.74
1230	24.07	20.38	21.74
1300	23 96	18.99	20.29
1330	22.49	18.35	19 64
1400	22.00	18 35	19.64
1430	21.00	18.65	19.95
1500	21.00	18.65	19.95
1530	21.00	17.06	17.06
1600	23 72	17.06	17 06
1630	23.75	18.66	19 95
1700	23.76	18.66	19.94
1730	23.75	18 66	19.35
1800	23.72	18.71	20 01
1830	20 84	22.08	23.47
1900	20.60	22.09	23.48
1930	16 95	22.04	23 42
2000	22.00	20.20	21.52
2030	23.69	18 66	19.94
2100	23.69	18.65	19.94
2130	22.00	18 65	19.94
2200	19.75	17 05	17 05
2230	18.71	17.03	17 03
2300	18.71	17.02	17.02
2330	16.87	17.01	17.01
2400	16.78	17.01	17 01

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

NEWS DIGEST

Ash & Lacy declines to £4.8m

DESPITE A maintained trading margin, Ash & Lacy, the West Midlands-based galvanising and metal pressing group, reported a 5 per cent decline in annual pre-tax profits.

The outcome for the 12 months to December 27 – £4.81m against £5.05m – came on turnover of £54.5m (£56.3m).

After tax of £1.36m (£1.55m) and minorities of £51,000 (£18,000) earnings emerged at 13.12p (13.53p) per share.

The final dividend is held at 3.9p for a maintained total of 6.4p.

Radamec £0.35m in the black

Radamec, the electronics and precision mechanical engineering group, continued its recovery through the second six months and for the 1991 year swung from loses of £396,000 to profits of £345,000.

Turnover declined from £12.1m to £10.3m but at the operating level profits pushed ahead from £153,000 to £645,000.

Dividends are resumed with a proposed 0.5p. Earnings emerged at 1.9p (losses 1.8p).

Directors said the improved figures reflected a substantially better result from Radamec Defence Systems and lower interest charges – down from £549,000 to £300,000.

It was pointed out that the Gulf conflict had assisted the order book of RDS in the short term and that contracts from home and export customers "should ensure the continuing profitable operation of RDS into 1993."

Gearing at the year-end fell from 62.3 per cent to 39.3 per cent.

Exceptionals boost House of Lerose

An exceptional credit of £2.96m, representing a pension fund surplus, enabled House of Lerose, the womens wear group, to return pre-tax profits of £3.63m for the 1991 year.

Prior to the exceptional item, profits worked through at £675,000, a downturn of 21 per cent on the previous year's £854,000.

Turnover declined from £16.8m to £13.3m.

Earnings emerged at 39.5p (11.6p) per share after tax of £1.38m (£196,000). A proposed final dividend of 7.3p makes a same-again 10.3p total.

An extraordinary charge of £136,000 (£334,000) represented the closure of certain garment production divisions. The shares rose 3p to 137p.

Capital and Regional ahead

Capital and Regional Properties, a USM-quoted property investment company, reported a slight increase from £351,507 to £367,378 in pre-tax profits for the year to December 25, after exceptional costs of £84,791.

Operating losses amounted to £214,241 (£351,507 profit) after increased net interest payable of £3.09m (£2.89m). The pre-tax result was after a £666,410 profit on the sale of investment properties.

Earnings per share emerged at 1.26p (0.91p) and the proposed dividend is raised from 0.9p to 1p through a proposed final of 0.7p.

There was an extraordinary £1.19m charge mainly relating to the discontinued partnership in 545 North Michigan Avenue, US. Full provision was made in the 1990 balance sheet in respect of that partnership.

Net asset value per share improved to 153.5p (148.1p).

Bennett & Fountain substantially lower

Bennett & Fountain Group just stayed in profit in the half year to December 31 1991, with £123,000 pre-tax.

That compared with £1.04m for the corresponding period and £2.31m for the previous full year.

The market for electrical, electronic cable and lighting became more competitive in the prolonged recession in the UK. The consumer electrical and electronic division was sold from November 1 and has stood extraordinary charges of £811,000 for losses and closure costs.

Earnings per share were 0.01p (0.98p). Proposals will be made to reconstruct the capital which should lead to a resumption of dividends out of future profits.

Delaney cuts loss to £474,000

Delaney Group, a furniture maker and shopfitter, progressively reduced its loss during 1991 to finish with a deficit of £474,000.

In 1990 the loss was £825,000. At the end of the first half of 1991 it had been cut to £646,000 and at the three-quarter stage stood at £507,000.

Mr Nathu Ram Puri, chairman, said it would be imprudent to speak of revival but he believed the second half represented a "significant milestone on the road back to full recovery". In 1987 and 1988 group pre-tax profit topped £2.8m.

Turnover in 1991 fell by nearly 20 per cent to £21.8m.

Losses per share were 0.6p (2.4p).

Anglo Pacific reduces deficit

Anglo Pacific Resources cut its loss from £1.67m to £352,000 in 1991, after exceptional write offs and charges totalling £431,000, against £1.43m.

The interest in the Kurara Gold Mine was sold in the second half and that accounted for a fall in turnover from £4.54m to £2.16m.

Consistent with the strategy to concentrate on industrial mineral activities in the UK and Europe, the 43 per cent interest in Menzies Gold was sold.

Losses per share came to 0.45p (2.16p).

Lec improves 33% to £1.2m

Lec Refrigeration returned profits of £1.21m pre-tax for 1991, a 33 per cent improvement on last time's £907,000.

Turnover fell from £51.5m to £48.4m.

Directors of the Sussex-based refrigerator manufacturer said steeply falling demand in the home market generally, particularly in single door refrigerators, meant they had to reduce output drastically in proportion and take firm action to contain costs.

They added that the fall in home market demand was offset to some degree by an 18 per cent increase in exports.

Earnings rose to 13.28p (9.89p) and a proposed final dividend of 10.5p makes a same-again 14.5 total.

Servomex 6% ahead at £2m

Servomex, a maker of gas analysers and instrumentation systems, saw profits advance 6 per cent, from £1.94m to £2.06m, in 1991.

Turnover was 10 per cent higher at £18.3m, against £16.7m.

Operating margins narrowed slightly to 13 per cent mainly because of the weakening of the dollar against sterling.

Earnings per share were 13.8p (12.7p) from which a final dividend of 3.9p is proposed for a total of 5.7p (5.4p).

Norcros in £39m property disposals

Norcros, the building materials and print and packaging group, has disposed of a number of properties for £39m cash.

The disposals include two group occupied properties – at Braintree, Essex, and Wantage, Oxfordshire – for £22.75m. Both have been leased back to group companies at initial rents amounting to £2.6m per annum.

The remaining properties – three office buildings, two industrial estates and a retail park – will realise £16.2m.

Total proceeds will reduce group borrowings to below £120m, representing gearing of some 80 per cent.

African Lakes turns in static £1.55m

Following the failure of the hoped-for recovery in the UK motor industry African Lakes Corporation turned in a static pre-tax profit of £1.55m for the year ended September 30 1991, on turnover down from £49.4m to £45.2m.

Other sectors of the group, which has forestry and wholesaling as main interests, fared better. Its activities in Malawi turned in the most notable performance and contributed an extraordinary £188,000 from the sale of property.

Earnings per share came out at 6.48p (7.77p) and the dividend is maintained at 2p.

Vaux buys a further 113 pubs

Vaux Group, the brewer and hotels and nursing homes operator, has bought 113 pubs from Inntrepreneur Estates and Whitbread.

Inntrepreneur is a joint venture between Grand Metropolitan and Foster's Brewing.

The deal, worth about £13.5m, is the biggest pub purchase by Vaux since the Monopolies and Mergers Commission report into the brewing industry in 1989.

Some 85 pubs were bought from Inntrepreneur and 28 from Whitbread, bringing the number of pubs Vaux owns to nearly 900. The group intends to increase its estate to 1,000 properties.

Russia's aluminium sector may soon grind to a halt

By Kenneth Gooding, Mining Correspondent

RUSSIA'S ALUMINIUM industry, previously expected to bring in $1bn of foreign currency this year, is nearing collapse because of severe shortages of raw materials, according to western observers.

They suggest that at the very least the industry can be expected to follow the pattern set recently by Russia's steel and coking coal sectors where output has plunged 40 per cent.

Expert eye witnesses say that Russia's Siberian aluminium smelters have only four days stock of alumina, the essential raw material for aluminium production, and are virtually out of carbon coke and pitch, without which they cannot operate.

They estimate that the smelters – at Bratsk, Irkutsk, Krasnoyarsk, and Novokuznetsk, with a combined annual capacity of 2.5m tonnes or two-thirds of the Russian total – can operate for another four weeks at most before having to stop production. It would then take another four weeks to get them up and running smoothly again, once enough raw materials became available.

No alumina is currently being shipped through Batumi in Georgia, the main port used by the Siberian smelters, because half the specialised handling system is out of action and railway links have been disrupted by fighting in the republic.

Extreme measures are being taken to overcome these problems. For example, the Switzerland-based Marc Rich trading organisation is packaging alumina – usually shipped in bulk - into 5 kg bags and transporting them to Russian smelters from Rotterdam via Kokkola in Finland.

All this is a serious blow to Russia, which at the end of last year hoped to export 1m tonnes of aluminium to the west in 1992 and to earn at least $1bn.

Western observers suggest the decline in Russia's aluminium industry accelerated in the first quarter of this year.

At first the industry was set the 1m tonnes export target, equalling last year's flow of the metal to the west which, coming on top of recession in key markets, caused the aluminium price to fall to its lowest level in real terms and the western industry to shut down about 10 per cent of its capacity.

In January the Russian authorities caused turmoil domestically by imposing an export tariff of 500 Ecu a tonne. But after protests by the industry that it would have to close export capacity because of this cost increase, the authorities agreed last month that 615,000 tonnes could be exported free of tariffs.

Raznoimport, the metals import-export organisation, has been allocated 80 per cent of the tonnage to swap in the west for alumina, observers suggest. They say that between 170,000 and 200,000 tonnes of aluminium is stockpiled at Russian ports ready to be shipped as part of these barter arrangements.

Western observers suggest that Concernalumini, set up last year to include most of the former Soviet Union's aluminium industry, is close to disintegrating because it has failed to keep the smelters supplied with raw materials.

Smelter managers complain that their costs are rising sharply. At Irkutsk production costs, $50 a tonne in January at the official rouble exchange rate, are now $500.

Oil prices up in wake of UN move over Libya

By Deborah Hargreaves

OIL PRICES moved up yesterday following news on Tuesday night that the United Nations would impose sanctions on Libya. While this does not include an oil embargo, Libyan leader Colonel Gaddafi, was quoted in an Italian magazine yesterday saying he would stop the flow of oil to any country that participated in sanctions.

Libya supplies about 1m barrels of oil a day to the west with the bulk delivered to European countries, including Italy, Austria and Spain. But analysts remain sceptical that Libya would cut off oil deliveries since they provide one of the country's few sources of hard currency revenue.

The price for North Sea Brent crude oil for May delivery rose 30 cents yesterday to $18.35 a barrel after moving up 15 cents late on Tuesday. The price had remained stuck at the $17.90 level during the previous two weeks as output cuts by the Organisation of Petroleum Exporting Countries managed to arrest the decline in price but were not enough to push the market higher.

Mr Peter Gignoux, head of Smith Barney's energy desk in London, said the market had been nervous for some time and the Libyan news was enough to give prices a bit of a boost.

Last week traders were anxious over talks between Iraq and the UN about a deal to sell some Iraqi oil which they feared would depress prices. But the discussions broke up over the weekend with no conclusion.

● Opec yesterday vigorously attacked proposals by western countries for a new carbon tax, charging that oil is already over-taxed and additional increases will slow development of the organisation's member states, writes Karen Fossli in Oslo.

At an an oil price seminar here, an Opec representative warned that a carbon tax could reduce demand for Opec oil by 27 per cent by the year 2010. He referred to the European Commission's carbon tax proposal which would rise from $1 a barrel in 1993 to a peak of $10 a barrel of oil equivalent by the year 2000.

"It is indeed ironic that developing countries, which have contributed minimally to the problem of the environment, should have to bear the burden of a fresh tax on their main export commodity," the representative said.

EC urges Canada to face up to overfishing problem

By David Gardner in Brussels

IN AN unusually robust rebuttal of Canadian charges that European Community fishermen are overfishing near its waters, the European Commission yesterday accused Ottawa of "inventing external adversaries" to avoid facing up to the structural problems of its own fisheries industry.

Mr Manuel Marin, EC commissioner for fisheries, said "the conflict has much more to do with Canadian internal problems than with fisheries".

He was speaking after the commission unanimously approved guidelines on fishing in international waters, spelling out the approach it has urged on Canada to resolve the seven-year-old conflict, which intensified five weeks ago.

Canada then claimed that Spanish and Portuguese vessels last year took 42,000 tonnes of cod – rather than the 21,500 tonnes it says they reported – from the so-called 2J3KL area of the Grand Banks, off Newfoundland. This is outside Canada's 200-mile limit and administered by the Northwest Atlantic Fisheries Organisation.

The Canadians maintain that EC overfishing on the limits of their waters has depleted stocks inside them. A Canadian scientific committee in February revised its estimate of the cod spawning stock from 1.1m tonnes in December to 780,000 tonnes.

The EC says even if Canada's charges were true, an extra 20,000 tonnes of cod could hardly have caused this. It adds that Canada's own studies show the drop in last year's Canadian catch – to 127,000 tonnes of cod compared with 191,000 tonnes in 1990 – was largely due to the weather.

The commission says it will participate in conservation cuts if they derive from joint scientific studies. Mr Marin said Canada, however, had rejected his suggestion of a meeting of the Nafo scientific committee.

"I invite Canada to stop inventing external adversaries and address the real cause of the problem," the commissioner said.

If there was overfishing, it was by the Canadian fleet. He suggested they emulate the EC's response to overfishing, of trying to reduce the EC fleet in community waters by up to 40 per cent.

Mr Marin added that while Canada was trying to make a scapegoat of the EC, it was simultaneously granting licences inside its waters to Japanese, Korean, Polish and Cuban vessels.

The hirsute Spanish commissioner remarked that "I demand at least the same treatment as Fidel Castro, even if only because we both have beards; let's have a little bit of seriousness please".

Early fall in India's tea production

By Kunal Bose in Calcutta

INDIA'S TEA production in the first two months of 1992 has fallen by 5.83m kg to 23.81m kg because of adverse weather.

The production shortfall is almost entirely in the tea estates in south India, where the crop in January and February amounted to 20.65m kg, compared with 25.99m kg in the corresponding period of last year. North Indian tea production was 3.16m kg, down from 3.65m kg last year.

Plucking of tea leaves in Assam, Darjeeling and north Bengal picks up from March, coinciding with the end of the winter.

According to industry officials, tea production has also suffered in Sri Lanka, Kenya, Zimbabwe, Bangladesh and Indonesia. India, which harvested a record tea crop of 741.7m kg in 1991, will be fixing the production target for the current year once the March figures are available.

Warning of growing grain bill

By Leyla Boulton in Moscow

THE FORMER Soviet Union will have to import about 33m tonnes of grain for 1992-93 to ensure adequate supplies in key areas, according to a World Bank report published today.

The Bank's Review of Food Policy Options and Agriculture Sector Reforms warns, however, that if weather conditions deteriorate significantly, import needs could rise to a 40m-45m tonne range. It puts the total 1992 food import bill for the Commonwealth of Independent States at $11bn, including the $5bn in credits and humanitarian aid already given for this year.

Food imports worth between $15bn and $19bn a year from mid-1985 made a major contribution to the balance of payments crisis of 1990 and the resulting inability to continue importing food through commercial credits.

The study, designed to provide a comprehensive strategy to help the country feed itself, extends from reform of agriculture to the distribution system.

In a graphic example of how poor distribution is a chief cause of the country's dependence on imports, it says that 1991-92 grain imports of 37m tonnes "would not have been necessary if grain losses could have been prevented through adequate storages".

A third of food produced is lost through poor storage, waste, theft, and inadequate transport systems.

Although private agriculture, where it is allowed on small plots, has already displayed its superiority over the state sector, the report recommends a cautious approach to land reform. It recommends restructuring rather than abolishing collective and state farms, until they become efficient enterprises or are replaced by family farms. It says, however, that it will "take many years before individual farms are established in sufficient number to have a dominant role in agricultural production."

With this in mind, it places a high value on co-operatives and the retention (but as private enterprises) of so-called machine tractor stations – common pools for equipment devised by the Bolsheviks.

At the retailing end, it urges the state, which, until recently, has been bogged down in arguments about how to privatise, to take immediate steps to lease shops to managers and their workforce. It calls for the provision of small business loans and education programmes to teach retailers "the fundamentals of good retailing and good business practices."

But it warns that this must be accompanied by rapid steps to take out of state hands and demonopolise wholesale and processing sectors.

Among the effects of the liberalisation of prices in January, food prices rose four to five times on average. Meat consumption is expected to fall and there will be an increase in per capita consumption of bread, fruit, vegetables, fruit and potatoes.

The report's recommendations on how the international community can help include:-

● Assistance for the next year or so at least with financing critical imports of food, spare parts and equipment.

● Direct foreign investment in projects that can be operational within six months – farm-level storage facilities, truck imports, constructing small to medium wholesale markets, and equipping new retail outlets.

● Loans for investment projects from multilateral and bilateral assistance programmes and technical assistance programmes.

Smoke signals from tobacco sales

Tony Hawkins explains why Zimbabwe's growers fear the worst

ZIMBABWE'S flue-cured tobacco auctions opened this week against a background of near-uniform economic gloom. The farming season now drawing to its close has been one of the worst anyone can remember – 10 weeks of searing hot, dry weather from Christmas to March was followed by some relief in the last three weeks; but this came too late for most crops.

Late-planted tobacco has benefited, however. Only a few weeks ago the crop was forecast at 160m kg; now it is estimated at 180m kg, about 5 per cent more than last year's.

Because tobacco is a hardy, drought-resistant crop, the industry, which has enjoyed boom conditions in the past two years, will be least affected by the adverse climatic conditions, though between a quarter and a third of the crop is believed to be drought-stressed and will fetch poor prices at the auctions. Both growers and merchants predict that the price will average about Z$10 (US$2) a kilogram this year, down 14 per cent from 1991 in local currency but 40 per cent in US dollar terms.

It is always dangerous to read too much into the first week's sales, but when the floors opened on Tuesday, growers were disappointed with the daily average price of Z$7.74 a kilogram. Quality leaf attracted reasonable prices but droughty tobacco sold at a discount as expected. While it will be at least a month before the market settles down sufficiently to draw any firm conclusion, some growers see the first day's prices as confirming their worst fears.

Comparisons with 1991 are misleading because that was an unusual season. In the first few weeks prices were lifted by a bitter battle between major merchants for market share. Then, in the second half of the season, prices rose further on currency speculation.

> The crop's foreign currency value will be down by a third because of devaluation of the Zimbabwe dollar

With production rising in Brazil and India, and recession-stressed cigarette manufacturers preoccupied with cost-cutting, the merchants are anxious to keep prices down this year, especially as leaf quality will be lower.

A major change from last year, too, is the steep rise in interest rates in the local money market. Tobacco bills, which were yielding 15 per cent a year ago, are now returning 30 per cent, and the merchants want to hold leaf prices down to compensate for increased preshipment borrowing costs.

The Zimbabwean authorities, anxious to curb currency speculation, have ordered that leaf prices be quoted in US dollars in 1992. This will have an impact only to the extent that buyers believe the central bank can maintain the local currency at Z$5 to the US dollar. While no one doubts the reserve bank's desire to hold the line, the recent loosening of monetary policy at a time of 30 per cent inflation suggests that the best intentions could turn to ashes in the second half of the year. Some economists believe Zimbabwe's current account deficit will reach US$1bn, or 20 per cent of GDP this year, making it extremely difficult to maintain the existing currency value.

Tobacco crop financing was responsible for a surge in money-supply growth last year because the central bank was prepared to rediscount tobacco bills, thereby fuelling monetary expansion. In an effort to avoid this, and meet IMF credit-creation ceilings, it has been agreed that 15 per cent of tobacco sales revenue will be withheld from the grower and used to finance export sales. The grower is to be paid interest at rates above prime lending on these involuntary savings, which he will get back early next year.

An average price of between Z$10 and Z$11 a kilogram this year would value the crop at just under Z$1.9bn, 4 per cent less than last year's record Z$1.97bn. But the foreign currency value of the crop will be down by a third because of devaluation. Even so, tobacco will remain the country's chief export; when local processing is taken into account, the 1992 crop is forecast to account for US$500m out of projected total export earnings of US$1.6bn.

With costs having risen at least 30 per cent in the last year, the predicted 10 per cent fall in local prices will squeeze margins. In spit of this, growing flue-cured tobacco remains the most profitable activity in Zimbabwean agriculture and few growers will incur the losses facing their counterparts in livestock, maize, cotton, oilseed and coffee.

This year is likely to be seen as no more than a temporary setback and industry expansion will continue apace, particularly now that growers will enjoy 35 per cent export retention. This means they can use up to a third of their export earnings to purchase imports and, since many of them will have more foreign currency than they need, they will earn a handsome premium from selling the funds to commercial and industrial importers.

WORLD COMMODITIES PRICES

MARKET REPORT

The **PLATINUM** price extended this week's gain on the London bullion market with a $4.50 rise to $362.50 a troy ounce, up $12 since the end of last week. It continued to be helped by Tuesday's announcement that Russia's Almazyuvelirexport was maintaining its monopoly on the sale of platinum group metals, deflating fears metal would leak into the market. A more hopeful mood on US economic prospects also continued to have a bullish influence. A trader commented that the market's reaction to these factors on Tuesday had shown that "the shorts were less confident than the longs". At the London Metal Exchange **COPPER** prices rallied on talk of Chinese buying, with the three months delivery price pushing up to $2,250 a tonne on short-covering after breaking through resistance at $2,230 a tonne. At the close the cash price was quoted at $1,300.50 a tonne, up £23.50 on the day. **TIN** prices made further gains and the cash premium over forward metal widened as concern grew about the tightness of supplies for delivery this month. The cash price rose $85 to $5,802.50 a tonne, while the three months price was up only $40 at $5,772.50 a tonne.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.15-6.25z	+.175
Brent Blend (dated)	$18.30-8.40	+0.25
Brent Blend (May)	$18.30-8.35	+.225
W.T.I. (1 pm est)	$19.60-9.65z	+.175

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$203-205	+5
Gas Oil	$165-166	+5
Heavy Fuel Oil	$75-77	
Naphtha	$169-171	+1

Petroleum Argus Estimates.

Other		+ or -
Gold (per troy oz)♣	$344.0	+1.45
Silver (per troy oz)♣	415.5c	+1
Platinum (per troy oz)	$362.5	+4.5
Palladium (per troy oz)	$85.35	-0.25
Copper (US Producer)	105.73	+0.08
Lead (US Producer)	37.0c	
Tin (Kuala Lumpur market)	14.41r	
Tin (New York)	257.5	+1
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	110.15p	+0.96*
Sheep (live weight)†♣	100.06	+2.53*
Pigs (live weight)†	101.81	+2.45*
London daily sugar (raw)	$217.3y	+3.2
London daily sugar (white)	$274.0y	+0.5
Tate and Lyle export price	£234.0	+3
Barley (English feed)	£118.125t	
Maize (US No. 3 yellow)	£148	
Wheat (US Dark Northern)	Unq.	
Rubber (May)♥	55.50p	+0.50
Rubber (Jun)♥	55.75p	+0.50
Rubber (KL RSS No 1 Mar)	220.0	+1
Coconut oil (Philippines)§	$667.5	+7.5
Palm Oil (Malaysian)§	$395.0	-2.6
Copra (Philippines)§	$435 w	
Soyabeans (US)	£154.0w	+1.5
Cotton "A" Index	57.40	+0.75
Wooltops (64s Super)	442p	

£ a tonne unless otherwise stated. p-pence/kg c-cents/lb. r-ringgit/kg q-Mar t-Oct/Dec u-Jan/Mar v-Apr/Mar y-Apr/May w-Apr z-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
May	193.00	190.00	193.20	192.00
Aug	193.40	191.00	193.00	191.80
Oct	192.00	191.60	191.20	191.00
White	**Close**	**Previous**	**High/Low**	
May	270.80	271.70	272.00	270.00
Aug	270.80	271.90	272.50	270.00
Oct	263.50	264.00	263.50	262.50

Turnover: Raw 498 (266) lots of 50 tonnes. White 1205 (1015)
Paris- White (FFr per tonne): May 1526.21 Aug 1542.04

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low	
May	18.39	18.14	18.41	18.16
Jun	18.38	18.17	18.41	18.17
Jul	18.24	18.12	18.28	18.18
Aug	18.23	18.06	18.25	18.13
Sep	18.21	18.09	18.22	18.11
Oct	18.17	18.10	18.17	
IPE Index	18.06	17.94		

Turnover 13446 (16187)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Apr	164.75	160.25	165.50	161.50
May	166.25	162.00	166.75	163.50
Jun	167.25	164.00	168.25	165.25
Jul	169.00	166.00	169.25	167.00
Aug	170.00	167.75	170.00	169.25
Sep	171.75	169.50	172.25	170.75
Oct	174.25	171.75	174.50	173.00
Nov	175.50	173.00	175.75	174.75
Dec	176.25	174.75	176.75	

Turnover 13031 (11263) lots of 100 tonnes

WOOL

Australian wool has sold at steady prices this week, but the previous easier tendency has not been replaced by a definitely firmer movement. A high proportion of auction offerings is still being withdrawn by farmers hoping for better prices later on. The lack of demand from the old Soviet Union areas, and patchy participation from Eastern Europe, continue to act as a major depressing influence. Other major wool-using countries were active buyers during February's price rise but are less keen after the recent market setback. The AWC market indicator rose 2 cents to 572 on April 1.

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
May	619	628	632	615
Jul	647	658	662	642
Sep	673	682	685	668
Dec	708	716	718	705
Mar	742	748	751	739
May	762	770	770	761
Jul	785	788	790	783
Sep	806	808	811	802
Dec	834	835	834	830
Mar	870		855	

Turnover: 7615 (8878) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar.31 777.40 (771.83) 10 day average for Apr.1 818.54 (824.12)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low	
May	850	842	851	840
Jul	865	858	865	858
Sep	879	870	879	870
Nov	894	887	898	894
Jan	912	905	915	911
Mar	930	922	936	930

Turnover:9647 (2350) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar.27: Comp. daily 54.80 (54.87) 15 day average 57.00 (57.06)
Sterling close: Unq.

POTATOES – London FOX £/tonne

	Close	Previous	High/Low	
Apr	108.0	106.5	107.9	106.0
May	119.5	118.4	119.2	118.0
Apr	124.5	125.9	124.5	124.3

Turnover 157 (120) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low	
Apr	132.00	129.00		
Jun	124.50		124.50	
Aug	126.50	129.00	126.50	

Turnover 30 (8) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low	
Apr	1200	1209	1200	1190
May	1200	1204	1200	1190
Jul	1074	1065	1077	1066
Oct	1214	1215	1215	1200
Jan	1230		1230	
BFI	1179	1180	1179	

Turnover 169 (108)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low	
May	124.00	124.70	124.55	123.85
Jun	125.55	126.20	125.90	125.55
Sep	112.75	112.95	112.75	---
Nov	115.80	116.10	116.00	115.80
Jan	119.60	119.90	119.65	119.50
Mar	122.80		122.70	122.50
Barley	**Close**	**Previous**	**High/Low**	
May	116.50	116.75	126.00	116.50

Turnover: Wheat 474 (181), Barley 25 (3).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low	
Apr	126.0	128.0	128.0	125.8
May	123.0	124.0	123.0	122.4
Jun	118.0	118.5	118.0	117.9
Jul	112.5	113.5	112.5	
Aug	108.5	109.0	108.0	
Sep	109.0	109.5	108.5	

Turnover:66 (40) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 23,800 lots	
Cash	1289-90	1292.5-3.6	1293.5	1293.5-94		
3 months	1315-16	1318-8.5	1321/1312	1318-18.5	1314-15	174,186lots
Copper, Grade A (£ per tonne)					Total daily turnover 39,805 lots	
Cash	1300-01	1276.5-7.5	1300/1294	1293.5-94		
3 months	1325-25.5	1303.5-4.0	1328.5/1312	1322.5-23	1326-27	110,090 lots
Lead (£ per tonne)					Total daily turnover 2,334 lots	
Cash	309.5-10.5	308.5-7.0	310.5	310.5-10.75		
3 months	320.5-1.00	317.5-8.0	321.75/320	321.75-22	320-21	16,494 lots
Nickel ($ per tonne)					Total daily turnover 5,469 lots	
Cash	7480-90	7395-405		7510-20		
3 months	7560-70	7480-85	7620/7520	7585-90	7540-50	25,751 lots
Tin ($ per tonne)					Total daily turnover 2,407 lots	
Cash	5800-05	5745-55	5800	5805-10		
3 months	5770-75	5730-35	5830/5750	5770-80	5760-70	6,183 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 10,803 lots	
Cash	1280-81	1275-77	1280/76	1275-75.5		
3 months	1267-68	1267-68	1267/1263	1262-62.5	1265/1266	54,116 lots

LME Closing £/$ rate:
SPOT: 1.7245 3 months: 1.6973 6 months: 1.6850 9 months: 1.6426

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	343.80-344.20	
Opening	343.49-343.80	
Morning fix	343.75	199.183
Afternoon fix	344.00	199.875
Day's high	344.35-344.65	
Day's low	343.10-343.40	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.54	6 months	3.55
2 months	3.52	12 months	3.78
3 months	3.52		

Silver fix	p/fine oz	US cts equiv
Spot	240.60	415.15
3 months	247.20	419.55
6 months	254.10	424.30
12 months	267.60	435.45

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	344.00-345.00	199.75-200.25
Maple leaf	355.00-356.00	206.00-206.50
New Sovereign	84.00-85.00	48.75-49.25

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jun	May	Jun
1200	105	116	3	6
1300	31	45	28	35
1400	4	11	100	99
Copper (Grade A)	**Calls**		**Puts**	
2150	98	105	2	5
2250	24	35	27	34
2350	3	6	104	104
Coffee	**May**	**Jul**	**May**	**Jul**
800	51	78	1	13
850	15	45	15	30
900	2	25	52	60
Cocoa	**May**	**Jul**	**May**	**Jul**
600	23	56	5	9
625	9	39	16	17
650	3	26	35	29
Brent Crude	**May**	**Jun**	**May**	**Jun**
1800	40		8	35
1850	18	39	35	60
1900	-	26	84	91

New York

GOLD 100 troy oz.; $/troy oz.

	Latest	Previous	High/Low	
Apr	344.2	343.7	345.0	343.9
May	344.5	344.5	0	0
Jun	345.9	345.5	346.9	345.5
Aug	347.7	347.7	348.8	348.1
Oct	350.6	349.9	351.2	350.6
Dec	353.0	352.4	353.7	353.0
Feb	355.0	355.0	0	0
Apr	358.6	357.6	358.A	358.5
Jun	360.5	360.5	0	0

PLATINUM 50 troy oz; $/troy oz.

	Latest	Previous	High/Low	
Apr	357.5	357.0	360.5	357.5
Jul	361.0	360.5	364.0	360.5
Oct	366.0	364.2	366.5	366.0
Jan	371.5	364.7	0	0
Apr	366.7	366.7	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Latest	Previous	High/Low	
Apr	416.5	413.0	0	0
May	414.5	414.3	417.0	414.0
Jun	415.9	415.9	0	0
Jul	418.0	417.6	420.0	417.0
Sep	422.5	421.4	423.0	421.0
Dec	427.5	427.2	430.0	428.0
Jan	429.1	429.1	0	0
Mar	434.0	433.6	434.0	434.0
May	438.3	438.3	0	0
Jul	443.0	443.0	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Latest	Previous	High/Low	
Apr	102.50	101.65	102.65	102.20
May	102.60	101.65	102.75	102.25
Jun	102.10	101.35	102.10	102.10
Jul	102.00	101.10	102.10	101.50
Aug	101.00	101.00	0	0
Sep	101.80	100.85	101.80	101.15
Oct	100.75	100.75	0	0
Nov	100.65	100.65	0	0
Dec	101.40	100.60	101.45	101,10
Jan	100.50	100.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Latest	Previous	High/Low	
May	8.74			
Jul	8.73	8.68	8.77	8.60
Oct	8.70	8.64	8.74	8.59
Mar	8.71	8.62	8.71	8.60
May	8.71	8.67	8.72	8.67
Jul	8.66	8.65	8.71	8.71

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
May	19.71	19.44	19.74	19.58
Jun	19.80	19.58	19.82	19.69
Jul	19.79	19.63	19.85	19.70
Aug	19.76	19.62	19.81	19.70
Sep	19.66	19.59	19.78	19.63
Oct	19.62	19.57	19.75	19.59
Nov	19.57	19.55	19.73	19.57
Dec	19.54	19.54	19.72	19.54
Jan	19.54	19.47	19.57	19.54
Feb	19.52	19.42	19.50	19.48

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	5375	5297	5400	5340
Jun	5332	5282	5375	5310
Jul	5360	5315	5400	5345
Aug	5435	5390	5460	5430
Sep	5565	5510	5590	5540
Oct	5660	5615	5660	5660
Nov	5760	5710	5760	5760
Dec	5850	5800	5850	5835
Jan	5860	5830	5870	5860
Feb	5745	5745	0	0

COCOA 10 tonnes;$/tonnes

	Latest	Previous	High/Low	
May	985	986	986	961
Jul	1004	1024	1022	1001
Sep	1041	1060	1058	1037
Dec	1088	1105	1103	1084
Mar	1127	1150	1147	1125
May	1157	1180	1172	1157
Jul	1197	1203	1197	1196
Sep	1221	1230	1223	1220
Dec	1256	1285	0	0
Mar	1285	0	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Latest	Previous	High/Low	
May	69.30	68.50	69.60	68.30
Jul	71.75	70.90	71.80	71.10
Sep	74.00	73.20	74.05	73.05
Dec	77.25	76.56	77.25	76.50
Mar	80.50	79.75	80.60	80.00
May	83.25	83.25	0	0
Jul	85.50	85.50	0	0

COTTON 50,000; cents/lbs

	Latest	Previous	High/Low	
May	59.38	61.30	59.65	58.60
Jul	60.83	61.92	61.10	60.20
Oct	61.75	63.20	61.60	61.20
Dec	62.10	63.77	62.24	61.70
Mar	63.40	64.15	63.45	62.95
May	63.70	0	63.87	63.30

ORANGE JUICE 15,000 lbs; cents/lbs

	Latest	Previous	High/Low	
May	142.15	142.95	143.40	142.05
Jul	140.70	141.35	141.60	140.65
Sep	133.25	133.25	134.25	133.25
Nov	126.50	125.25	126.60	126.00
Jan	124.50	124.00	126.00	124.50
Mar	124.50	123.50	124.75	124.50
May	124.25	123.50	0	0
Jul	124.25	123.50	0	0
Sep	124.25	0	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Apr.1	Mar.31	mnth ago	yr ago
1612.5	1699.4	1625.4	1733.4

DOW JONES (Base: Dec. 31 1974 = 100)

	Mar.31	Mar.30	mnth ago	yr ago
Spot	116.66	-	118.24	124.84
Futures	120.64	-	122.84	129.22

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Latest	Previous	High/Low	
May	578/6	588/2	588/4	578/0
Jul	586/6	596/4	597/4	586/0
Aug	591/4	601/4	601/4	591/4
Sep	596/0	605/0	606/4	595/4
Nov	603/2	612/6	614/0	602/4
Jan	612/0	621/2	621/2	612/0
Mar	621/0	631/0	622/0	621/0
May	628/4	637/4	638/0	628/4
Jul	643/0	643/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb

	Latest	Previous	High/Low	
May	19.66	19.83	19.89	19.60
Jul	19.95	20.11	20.18	19.91
Aug	20.11	20.27	20.32	20.06
Sep	20.27	20.40	20.43	20.25
Oct	20.42	20.56	20.50	20.40
Dec	20.71	20.90	20.90	20.65
Jan	20.80	21.05	0	0

SOYABEAN MEAL 100 tons; $/ton

	Latest	Previous	High/Low	
Jul	178.9	178.7	179.5	175.9
Aug	179.8	181.6	182.3	178.5
Sep	180.8	182.6	183.1	179.5
Oct	195.4	183.6	184.0	180.8
Dec	196.6	198.5	199.0	195.4
Jan	197.4	200.2	200.4	196.5
Mar	202.5	200.2	197.5	197.4

MAIZE 5,000 bu min; cents/56lb bushel

	Latest	Previous	High/Low	
May	262/0	264/2	265/0	261/6
Jul	267/2	269/2	270/0	266/6
Sep	262/4	262/6	264/4	262/2
Dec	260/0	259/2	262/0	260/0
Mar	267/6	266/4	269/0	267/2
May	272/0	270/6	273/0	271/6
Jul	274/0	274/0	0	0

WHEAT 5,000 bu min; cents/60lb-bushel

	Latest	Previous	High/Low	
May	373/0	379/0	382/0	371/0
Jul	356/0	361/0	364/0	355/0
Sep	360/0	365/2	366/0	359/4
Dec	368/0	373/4	376/4	367/0
Mar	371/4	376/2	377/4	370/0
May	360/0	363/4	0	0
Jul	339/0	344/0	345/0	339/0
Sep	348/0	348/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Latest	Previous	High/Low	
Apr	79.150	79.225	79.225	78.700
Jun	74.450	74.775	74.825	74.100
Aug	69.550	69.725	69.825	69.325
Oct	69.600	69.725	69.800	69.450
Dec	69.800	70.025	70.075	69.675
Feb	69.300	69.500	69.600	69.300
Apr	70.500	70.650	70.550	70.450

LIVE HOGS 40,000 lb; cents/lbs

	Latest	Previous	High/Low	
Apr	40.725	40.650	40.825	40.400
Jun	45.875	45.875	46.000	45.500
Jul	44.900	44.575	45.000	44.525
Aug	43.050	42.850	43.250	42.725
Oct	40.550	40.500	40.675	40.400
Dec	43.450	43.700	43.700	43.350
Feb	44.400	44.650	44.700	44.400
Apr	42.750	42.825	0	42.750

PORK BELLIES 40,000 lbs; cents/lb

	Latest	Previous	High/Low	
May	34.675	34.700	35.150	34.350
Jul	35.350	35.500	35.900	35.000
Aug	33.800	33.950	34.200	33.525
Feb	45.025	45.600	45.650	44.900
Mar	44.500	45.000	45.175	44.500
May	45.600	46.700	45.100	45.600

LONDON STOCK EXCHANGE

Poll news leaves Footsie at 1992 low

By Steve Thompson

EVIDENCE from opinion polls that Labour has established a significant lead over the Conservative party triggered a predictable, but nevertheless heavy, slide in UK share prices, which closed at their lowest levels so far this year. The falls compounded a difficult day in international stock markets which saw another hefty fall on the Tokyo market and a poor showing by Wall Street during the afternoon.

The FT-SE 100-share index plunged through the 2,400 level but later rallied to close well above the day's low, ending the session 31.5 down at 2,408.6.

Steep falls in share prices accompanied big falls in the gilt-edged market and a rise in the three-month interbank rate as markets pondered the chances of a rise in UK interest rates – currently at 10½ per cent – after next Thursday's election.

The market slide took place during the busiest trading session on the stock market this year. Turnover topped 700m shares, compared with a previous high of 606.1m recorded on February 27. Yesterday's figure, however, was given a substantial boost by a series of big placings and at least six mostly small-size programme trades.

Marketmakers, most of which were thought to be carrying long positions, took evasive action from the outset, chopping prices back to head off any attempted sizeable selling. The Footsie opened some 56 points down at 2,384.1, a level subsequently proved to be the day's lowest, and quickly embarked on a determined rally as a number of institutions moved in to pick up cheap stock. Dealers said the 2,400 level had been the trigger for a flurry of support. The buying petered out mid-morning, however, with the index standing some 26.7 lower. The afternoon session proved equally difficult for traders, with a weak opening on Wall Street prompting fresh bouts of selling of leading UK stocks.

Some senior marketmakers were dismayed at the latest turn of events. One said the market had to absorb big lines of stock following heavy selling by UK institutions. "The market has been spooked and it looks odds on a Labour administration," said one. "The mood is dreadful and there is still plenty of downside. I just hope the overseas funds don't start selling," he added.

Other dealers, however, said they had recorded more big institutional buy trades than sales. "There was an element of panic but it seems the market has found a pretty good trading level," was one view.

The drama of a falling market tended to mask some hefty share placings and a series of corporate events. United Newspapers was the heaviest traded stock as bought deal specialist Smith New Court, in tandem with Cazenove, swooped to purchase the 8.7 per cent stake of some 17.25m shares, held by Conrad Black the Canadian entrepreneur, and place the shares in the market, taking a 4p a share turn in the process. Smith also bought and sold a block of 3.5m shares in Lasmo, the oil group, taking a profit of 3p a share.

Utilities, retailers, property stocks and building shares, hit by fears of increased interest rates were among the worst affected sectors.

Account Dealing Dates		
*First Dealings:		
Mar 23	Apr 6	Apr 27
Option Declarations:		
Apr 2	Apr 23	May 7
Last Dealings:		
Apr 3	Apr 24	May 8
Account Day:		
Apr 13	May 5	May 18

*New-time dealings may take place from 8.30 am two business days earlier.

FINANCIAL TIMES STOCK INDICES

	Apr 1	Mar 31	Mar 30	Mar 27	Mar 26	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	85.11	85.71†	85.74	85.63	85.53	85.55	86.55 (27/2/92)	82.17 (2/1/91)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	98.39	98.85	98.72	98.75	98.99	94.84	101.56 (19/2/92)	90.59 (2/1/91)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1878.9	1903.5	1916.1	1914.9	1938.3	2014.5	2108.3 (2/9/91)	1608.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	121.6	120.9	120.2	119.6	120.8	137.8	222.8 (11/7/91)	116.0 (17/3/92)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2408.6	2440.1	2452.9	2447.9	2472.2	2545.3	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1145.11	1158.94	1158.46	1153.31	1161.65	1170.06	1200.08 (4/3/92)	938.82 (16/1/91)	1200.08 (4/3/92)	938.82 (16/1/91)
●Ord. Div Yield	4.75	4.70	4.66	4.69	4.64	4.60				
●Earning Yld %(full)	6.91	6.79	6.76	6.77	6.69	8.75				
●P/E Ratio(net)(*)	18.16	18.50	18.57	18.57	18.79	14.07				
SEAQ Bargains 5.00pm	40,752	35,215	29,299	26,493	28,610	58,497				
Equity Turnover(£m)†	-	786.7	639.9	1,127.5	1,130.8	1793.75				
Equity Bargains†	-	42,599	33,834	31,335	32,654	67,276				
Shares Traded (ml)†	-	432.5	407.8	487.7	459.1	831.4				

[illegible]

Ordinary Share Index, Hourly changes — Day's High 1881.6 — Day's Low 1860.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1860.3	1873.6	1877.6	1877.6	1871.7	1866.9	1868.2	1874.1	1874.8

FT-SE 100, Hourly changes — Day's High 2413.4 — Day's Low 2384.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2384.1	2402.3	2407.5	2408.5	2400.3	2394.6	2396.5	2406.3	2403.3

FT-SE Eurotrack 200, Hourly changes — Day's High 1150.04 — Day's Low 1143.47

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1147.22	1148.10	1148.82	1145.79	1143.75	1144.30	1145.29

GILT EDGED ACTIVITY

Indices*	Mar 31	Mar 30
Gilt Edged Bargains	122.8	122.5
5-Day average	122.4	121.8

*SE Activity 1974. †Excluding intra-market business and Overseas turnover.

London report and latest Share Index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

Large placing in United

THE BIGGEST single deal of the day was in United Newspapers, which saw 17.25m shares placed as Canadian publisher Mr Conrad Black sold his entire stake in the group.

Mr Black offloaded his 8.7 per cent holding through securities houses Smith New Court and Cazenove. The Seaq electronic trading revealed two large blocks of shares dealt at 346p, and a large number of trades carried out at 350p.

Smith said the shares were sold to around 30 different institutions at 350p apiece in a bought deal. This involves a broker buying shares and taking the risk of having them on its books rather than merely acting as an intermediary. United closed 13 off at 360p and was the most heavily traded stock in London; the recorded volume of 39.6m shares accounts for both sides of the Smith deal.

Analysts believe Mr Black has made a loss of between £15m and £18.6m on his holding. After the markets closed there were reports suggesting that Mr Black was also seeking to raise money through a public listing, and sale of some 20m shares, in the Daily Telegraph, his UK newspaper.

Tomkins shines

Speculation that conglomerate Tomkins is about to purchase the industrial division of mining group RTZ was among the factors that helped the shares stand out as the best FT-SE performer of the session.

The shares gained 8 to 440p, also powered by a buy recommendation from County NatWest. Mr Geoff Allum at County pointed out that "75 per cent of the company's earnings come from the US, and the UK businesses are not overly sensitive to a Labour government and indeed some may benefit".

Tomkins is still thought to be eyeing Racal Electronics, down ¾ at 55¼p, as a bid target with, it is thought, Chubb, Racal's security, locks and alarms subsidiary, as the ultimate prize.

Several stocks were wanted for their large overseas exposure as a guard against a Labour party victory. RTZ added 5 at 579p, BAT Industries 6 at 679p and BOC 5 at 657p. Grand Metropolitan ended 7 better at 887p after the company's managing director spoke of an upturn in the US economy which is feeding through to benefit its Burger King chain.

Utilities hit

There appeared to be no doubt in the public utilities sector about Mr Neil Kinnock's claim that he is on course for Downing Street as head of a majority Labour government. Utilities are very vulnerable to the political climate and will continue to move with the opinion polls in the run-up to next week's election, according to dealers.

London Electricity fell 27 to 222p, with Manweb losing 24 to 257p, partly on fears that a Labour government would be more severe in regulating profits of the regional companies.

Among the power generators, National Power gave up 4½ to 191p and PowerGen slipped 5 to 200p, on turnover of around 3m shares each. Fears that Labour will make the generating companies buy expensive British coal weighed on the stocks. Scottish Power dropped 8½ to 80½p and Scottish Hydro-Electric 7 to 83p in spite of comments by analysts that the Scottish power companies are less likely to be affected by any new regulatory controls. The Electricity Package retreated 200 to £2288.

Views that Labour will be bad for utilities was also reflected in the water shares. Thames and Wessex each lost 10 to 335p and 383p respectively, while Seven Trent fell 9 to 310p.

Lower forecasts from bearish Société Générale Strauss Turnbull contributed to weakness in BP, which fell 6 to 249p on heavy turnover of 15.3m shares.

Strauss took a more cautious view on the prospects for Colombia's Cusiana oilfield in which BP has a large stake. The house reduced its estimate for first-quarter net income from £117m to £31m and its full-year 1992 forecast by £200m to £500m. Strauss also argued that a dividend cut would come earlier than previously expected.

Oil company Lasmo held up relatively well in spite of the effects of a large placing at well below the middle price yesterday. Smith New Court took on a block of nearly 4m shares from one institution at 172p a share and placed them with a number of institutions at 175p. This follows a similar deal in Lasmo, conducted by the securities house, just over a month ago. Lasmo closed 10 down at 185p.

County NatWest became the latest broker to warn that property groups with exposure to the central London office market and the south-east retail sector would be hardest hit by a Labour government.

Yesterday there were widespread falls across the whole sector, with Brixton Estates adrift 9 at 149p, Hammerson ordinary 31 at 411p and MEPC 11 at 295p.

Chemicals company MTM fell sharply after the group said it had breached banking covenants and did not expect to be able to pay a dividend for 1991. The shares plummeted 40 to 26p with 3m traded.

Mr Howard Klein, chairman of Owners Abroad, made £724,500 in the market on Monday, it was revealed, when he exercised options on shares at a price of 3p apiece and sold them for 108p. Yesterday, Owners Abroad weakened with the market, falling 5½ to 99½p.

Heavy trade in Forte of 5.6m left the hotel group off 10 at 226p as some dealers felt the stock's rise had been overdone.

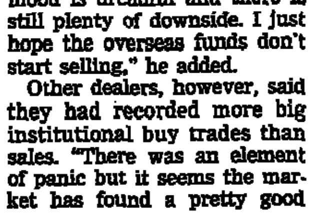
Conglomerate Hanson receded 4 to 211½p on heavy turnover of 17.5m shares, although US investors remained keen.

Rothmans International "B" dipped 5 to 1014p as it was announced that Australia had banned tobacco sponsorship of sporting events.

MARKET REPORTERS:
Peter John, Joel Kibazo, Christopher Price, Colin Millham.

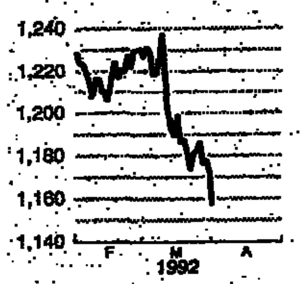
■ Other market statistics, Page 21.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: intra-market business & Overseas turnover



Source: Datastream

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
[illegible]															
Bank of Scotland	1,800	103	+1	Grand Met.	1,800	887	+7	Prudential	5,100	215	-5	Tarmac	3,300	120½	-2½
Barclays	11,000	299	-8	GUS A	613	1388	-38	RHM	1,700	218	+2	Tate & Lyle	831	400	-5
Bass	2,700	837	-7	GRE	2,300	119	-3	RMC	270	541	-9	Taylor Woodrow	1,300	113	-2
Berisford Int.	1,200	17¾	-1¼	GKN	1,400	338	-7	RTZ	2,000	579	+5	Tesco	3,400	255	-3
Blue Circle	4,500	250		Guinness	3,700	552	-9	Racal	2,400	55½	-1	Thames Water	1,300	335	-10
Booker	419	417	-12	Hammerson 'A'	436	383	-19	Rank Org	520	647	-6	Thorn EMI	469	732½	-4½
Boots	1,700	422	-4	Hanson	17,000	211½	-4	Reckitt & Colman	818	628	-4	Tomkins	798	440	+8
Bowater	470	727	-14	Hanson Warrants	1,200	19½	-1	Redland	2,100	450	-1	Trafalgar House	7,100	112	-1
Brit. Aerospace	1,100	295	-8	Harrisons Crosfield	4,100	126	+2	Reed Int	1,800	509	-9	Unigate	637	298	-2
British Airways	1,500	246	-4	Hillsdown	2,300	183	-7	Rentokil	844	360	-7	Unilever	1,700	896	-2
British Gas	14,000	242½	-7½	IMI	513	235	-2	Reuters	1,000	1110	-10	United Biscuits	1,000	394	-5
British Land	696	175	-1	ICI	1,600	1239	-24	Rolls Royce	2,700	149	-2	Utd. Newspapers	39,000	360	-13
BP	15,000	249	-6	Inchcape	1,600	432	-4	Rothmans	759	1014	-5	Vodafone	3,600	310	-12
British Steel	6,300	66½	-1½	Kingfisher	3,400	459	-12	Ryl Bk Scotland	2,200	151	-3	Warburg (SG)	164	471	-20
British Telecom	8,500	309½	-4½	Kwik Save	162	524	-14	Royal Insurance	3,600	178	-2½	Wellcome	911	1044	-5
Br Telecom New	9,300	98½	-4	Ladbroke	4,100	212	-5	Saatchi	2,100	15½	-¼	Welsh Water	511	363	-8
Bunzl	358	69	-2	Land Securities	2,300	385	-6	Sainsbury	1,700	389	-3	Wessex Water	281	383	-10
Burmah Castrol	1,000	538	-5	Laporte	283	559	-9	Scottish & New.	1,400	446	-10	Whitbread 'A'	1,600	394	-7
Burton	7,400	38	-3	Legal & General	4,100	322	-5	Scot. Hydro-Elect.	3,400	83	-7	Williams Hldgs	2,200	309	-4
Cable & Wire	3,400	520		Lloyds Abbey	1,300	356		Scottish Power	5,100	81½	-7½	Willis Corroon	616	233	+1
Cadbury Schweppes	1,000	438	-1	Lloyds Bank	5,400	385	-11	Sears	2,800	94	-2	Wimpey	962	139	-2
Calor Group	392	172	-1	LASMO	11,000	185	-10	Sedgwick	417	204	-1	Wolseley	343	392	-4
Carlton Comms	563	534	-4	London Elect.	2,500	222	-27	Seeboard	889	230	-16	Yorkshire Elect.	950	278	-16
Coats Viyella	1,500	193	-3	Lonrho	14,000	71	+5½	Severn Trent Water	2,600	310	-9	Yorkshire Water	555	350	

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

TURNOVER in the derivatives market rose sharply in a volatile session as dealers hedged positions ahead of next week's election, writes Joel Kibazo.

In stock index futures, trading in the June contract on the FT-SE opened at 2,430, down 43 on the previous session, as dealers reflected on Tuesday's opinion polls indicating a Labour party lead and the overnight fall in Tokyo.

However June was soon back in favour following a bout of bear closing and recovered from earlier falls to advance to 2,444, by mid-morning. A poor opening on Wall Street caused June to once again retreat, before recovering, fuelled by renewed closing of short positions at the end of the session.

June closed at 2,446, the high of the day, down 27 on the previous session and around 12 points above its estimated fair value premium to cash of about 28. Turnover was a hefty 9,197 contracts

On LTOM, turnover was also heavy reaching 40,111 contracts by the close. The FT-SE option traded a day's total of 23,911 lots, one of the clearest signals of the hedging activity in the market. Trade in the stock options was however muted. Lonrho, was the day's top stock option, trading 1,518 lots, followed by BT at 1,024.

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (8).
BREWERS & DISTILLERS (1) Devenish (JA). ELECTRICALS (1) Menvier-Swain, ENGINEERING GENERAL (1) Mayflower Corp. INVESTMENT TRUSTS (1) Murray Emerprise Zero Cv. 1994, MISCELLANEOUS (2) Frost, Silentnight, OTHER FINANCIAL (2) Penny & Giles, Servomex.
NEW LOWS (215).
BRITISH FUNDS (11) Ex. 12¼pc 1992, Tr. 12½pc 1993, Tr 14½pc 1994, Ex. 13½pc 1994, Tr. 15¼pc 1996, Tr. 8½pc 2007 A, Cv. 9pc 2011 B, Tr 9pc 2012, Tr. 2½pc IL 2016, Tr 2½pc IL 2020, Tr. 2½pc IL 2024, BANKS (1) Barclays, BREWERS & DISTILLERS (1) Whitbread A. BUILDING MATERIALS (7) Baldwin, Blockleys, Gibbs Dandy A. Johnston, Lilleshall, Plasticeal, Starmin, BUSINESS SERVICES (3) Corporate Servs., Gardiner, Gardner (DC), CHEMICALS (1) MTM. CONGLOMERATES (6) Lonrho, Mosiac Invs., Reece, Sale Tilney, Trafalgar House, Do A. CONTRACTING & CONSTRUCTION (8) Green (E), Higgs & Hill, Howard, Jarvis, Lilley, McAlpine (A), McLaughlin & Harvey, Prowting, ELECTRICALS (1) Wholesale Fttgs., ELECTRICITY (4) East Midlands, Eastern Elect., Scott. Hydro, Scott. Power, ELECTRONICS (2) P & P, Unitech, ENGINEERING AEROSPACE (3) Dowty, Hunting, Westland, ENGINEERING GENERAL (11) Aerospace Eng., Barry Wehmiller, Bridon, Dyson (JJ), Fenner, Ferrum, Hadleigh, Ransomes, VSEL Consortium, Vickers, Wheway, FOOD MANUFACTURING (2) Farringtord, Linton Park, FOOD RETAILING (3) Ashley 8.25p Prf., Low (Wm), Nurdin Peacock, HEALTH & HOUSEHOLD (1) Kynoch (GG), HOTELS & LEISURE (1) Fairline Boats, INSURANCE BROKERS (4) Archer (AJ), Heath (CE), PWS, Sturge, INSURANCE COMPOSITE (1) General Accident, INSURANCE LIFE (2) Legal & Gen., Utd. Friendly B, INVESTMENT TRUSTS (44) Abtrust New Euro Wrrnts., Abtrust Prfd. Inc., City of Oxford Inc., Contra-Cyclical Inc., County Smllr. Cos., Do. Wrrnts., Drayton Blue Chip, EFM Inc., Electra Inv., Eng. & Scot. Wrrnts., Eng. Nat. Defd., Exeter Prfd. Cap., Gartmore Scot. Inc., Do. Cap., Do. Units, Gartmore Value, General Cons. Cap., JF Pacific Wrrnt., Jove Cap., Kleinwort High Inc., M & G Inc. Geared Units, Do. Cap., M & G 2nd Cap., Moorgate Smllr. Wrrnts., Murray Split Inc., Do. Cap., New Throg. Cap., Do. Wrrnts., RIT Cap., Ralston, River & Merc. Cap., River & Merc. Extra Inc., Do. Wrrnts., River & Merc. Geared Prf., Do. Wrrnts., River Plate Cap., Scott. Natl. Inc., Do. Cap., Do. Wrrnts., St David's Inc., Do. Cap., TR Prop., Tor Cap., Venturi Cap. Index. MEDIA (5) Acala, Clarke Hooper, Holmes Marchant, Osprey Comms., Thames TV. MERCHANT BANKS (2) Brown Shipley, Wintrust, METAL & METAL FORMING (2) ASW, Barrett (H), MISCELLANEOUS (4) Assoc. Brit. Consits., Fitzwilton, Ricardo Intl., Waterman Part., MOTORS (2) Lucas Wrrnts., Mid-States, OIL & GAS (14) Aviva Petrlm., Brabant Res., BP, Cairn Energy, Calor, Clyde Petrlm., Conroy Petrlm., Hardy Oil, LASMO, Monument Oil, Pict Petrlm., Premier Cons., Ramco Oil, Seafield Res., OTHER FINANCIAL (6) Caledonia Invs., Jupiter Tyndall, King & Shaxson, Lightship, London Scott., Smith New Court, OTHER INDUSTRIAL MATERIALS (3) Assoc. Brit. Eng., Expamet Intl., OMI Intl., PACKAGING, PAPER & PRINTING (3) Hunterprint, NMC [illegible]

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Wed Apr 1 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Tue Mar 31 Index No.	Mon Mar 30 Index No.	Fri Mar 27 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (179)	775.67	-1.1	8.01	6.15	16.25	7.91	784.44	787.05	785.19	885.89
2	Building Materials (22)	929.87	-1.1	7.07	6.81	19.18	2.76	939.83	946.97	945.26	1152.22
3	Contracting, Construction (28)	854.01	-1.9	7.71	8.26	19.50	8.17	870.84	877.82	879.31	1411.13
4	Electricals (8)	2326.05	-1.0	8.02	6.34	16.20	20.97	2349.40	2365.33	2361.23	2495.28
5	Electronics (29)	1740.46	-1.5	10.36	4.89	12.23	2.63	1766.70	1784.26	1774.97	1859.04
6	Engineering-Aerospace (7)	327.64	-1.8	10.34	7.90	12.59	9.52	333.76	335.41	337.13	460.19
7	Engineering-General (44)	480.50	-1.5	8.85	4.90	14.00	4.06	487.62	488.96	490.46	463.85
8	Metals and Metal Forming (8)	310.59	-1.9	2.01	11.15	-	0.32	316.46	316.77	316.22	509.18
9	Motors (14)	304.81	-1.7	8.94	7.72	14.60	4.81	310.09	309.53	314.20	356.45
10	Other Industrial Materials (19)	1613.02	-0.3	7.37	5.14	16.60	25.72	1618.55	1614.91	1599.98	1577.48
21	CONSUMER GROUP (188)	1584.42	-1.3	7.58	3.57	16.15	7.27	1605.51	1608.27	1606.21	1463.20
22	Brewers and Distillers (24)	1999.12	-0.9	8.08	3.64	14.89	7.92	2016.51	2025.12	2032.91	1793.77
25	Food Manufacturing (17)	1212.60	-0.9	9.05	4.32	13.70	8.41	1223.50	1229.87	1230.80	1196.70
26	Food Retailing (18)	2555.68	-1.1	8.63	3.31	15.06	4.30	2585.39	2588.32	2591.37	2700.48
27	Health and Household (24)	4159.44	-1.0	6.57	2.54	17.28	19.88	4203.47	4193.89	4173.83	3277.89
29	Hotels and Leisure (20)	1231.34	-1.9	7.27	5.53	17.50	8.54	1255.18	1253.38	1252.75	1387.93
30	Media (25)	1473.22	-1.6	6.52	3.72	19.31	9.98	1497.57	1501.49	1499.76	1496.40
31	Packaging, Paper & Printing (17)	723.98	-2.2	7.42	4.56	15.84	5.97	740.40	741.34	740.33	677.27
34	Stores (33)	959.42	-2.2	7.69	3.77	17.26	1.91	981.45	986.74	982.02	904.18
35	Textiles (10)	647.15	-1.6	7.54	4.80	16.63	2.69	657.78	654.26	649.16	563.46
40	OTHER GROUPS (116)	1148.52	-1.7	10.56	5.75	11.94	11.06	1168.00	1172.92	1173.12	1219.25
41	Business Services (17)	1269.03	-1.8	7.88	4.98	16.21	4.85	1292.02	1279.26	1271.73	1225.78
42	Chemicals (22)	1439.17	-1.6	7.19	5.05	17.04	20.70	1463.13	1463.52	1449.65	1278.90
43	Conglomerates (11)	1274.80	-1.1	11.16	7.88	10.97	3.18	1288.77	1313.37	1313.70	1594.48
44	Transport (14)	2315.71	-1.8	5.68	4.90	23.69	6.61	2358.16	2362.50	2376.68	2242.31
45	Electricity (16)	1056.04	-4.4	16.63	7.04	7.84	17.21	1104.53	1109.04	1112.16	1149.27
46	Telephone Networks(4)	1282.54	-1.4	12.22	4.89	10.68	16.02	1300.80	1308.79	1317.14	1425.34
47	Water(10)	2196.37	-2.2	19.42	7.24	5.67	0.00	2245.25	2252.11	2261.71	2457.37
48	Miscellaneous (22)	1832.71	+0.1	6.55	5.37	20.17	20.86	1831.54	1831.68	1820.14	1927.01
49	INDUSTRIAL GROUP (483)	1242.62	-1.4	8.57	4.70	14.59	8.87	1260.10	1263.59	1262.28	1248.87
51	Oil & Gas (17)	1957.79	-1.5	9.51	7.26	13.88	38.16	1988.25	1995.89	1986.78	2358.38
59	500 SHARE INDEX (500)	1309.69	-1.4	8.67	4.97	14.51	11.04	1328.31	1332.13	1330.27	1343.91
61	FINANCIAL GROUP (87)	650.31	-2.2	-	6.97	-	11.95	665.13	676.89	679.00	839.43
62	Banks (9)	811.82	-2.3	5.32	6.73	37.46	22.89	831.00	851.62	854.48	931.30
65	Insurance (Life) (6)	1301.80	-2.1	-	6.82	-	15.74	1330.06	1351.38	1352.04	1540.62
66	Insurance (Composite) (7)	435.71	-2.0	-	7.99	-	4.99	444.52	450.60	448.58	710.91
67	Insurance (Brokers) (10)	904.32	-1.7	8.62	7.41	15.27	18.78	919.66	921.30	910.43	1173.80
68	Merchant Banks (7)	416.42	-2.7	-	4.98	-	4.25	428.03	429.11	427.24	436.77
69	Property (33)	633.86	-2.7	9.07	7.16	15.10	1.32	651.54	661.38	673.54	1028.02
70	Other Financial (15)	223.89	-1.1	8.96	7.72	14.67	2.13	226.35	226.82	229.47	294.49
71	Investment Trusts (70)	1127.13	-1.5	-	3.94	-	10.34	1143.96	1147.34	1150.87	1214.00
99	ALL-SHARE INDEX (657)	1154.18	-1.5	-	5.17	-	11.03	1171.71	1177.04	1176.13	1220.31

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Mar 31	Mar 30	Mar 27	Mar 26	Mar 25	Year ago
FT-SE 100 SHARE INDEX‡	2408.6	-31.5	2413.4	2384.1	2440.1	2452.9	2447.9	2472.2	2464.9	2519.1

FIXED INTEREST

	PRICE INDICES	Wed Apr 1	Day's change %	Tue Mar 31	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (27)	120.03	-0.41	120.52	2.09	2.88
2	5-15 years (25)	131.40	-0.70	132.32	1.84	4.09
3	Over 15 years (9)	140.31	-0.92	141.61	2.04	2.78
4	Irredeemables (6)	156.15	-1.11	157.90	3.44	1.50
5	All stocks (67)	130.23	-0.63	131.05	2.00	3.57
	Index-Linked					
6	Up to 5 years (2)	169.95	-0.03	170.01	0.47	1.37
7	Over 5 years (9)	144.46	-0.19	144.72	0.77	1.20
8	All stocks (11)	146.84	-0.16	147.08	0.72	1.21
9	Debs & Loans (62)	113.30	-0.86	114.27	2.01	3.23

	AVERAGE GROSS REDEMPTION YIELDS		Wed Apr 1	Tue Mar 31	Year ago (approx.)
	British Government				
1	Low	5 years	9.34	9.23	9.32
2	Coupons	15 years	9.72	9.60	9.59
3	(0%-7¾%)	20 years	9.72	9.60	9.67
4	Medium	5 years	10.28	10.09	10.16
5	Coupons	15 years	9.82	9.72	9.98
6	(8%-10¾%)	20 years	9.76	9.65	9.94
7	High	5 years	10.50	10.31	10.30
8	Coupons	15 years	9.96	9.87	10.16
9	(11%-)	20 years	9.86	9.77	10.11
10	Irredeemables	†	9.90	9.78	9.93
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.81	3.80	3.73
12	Inflation rate 5%	Over 5 yrs.	4.59	4.57	4.11
13	Inflation rate 10%	Up to 5 yrs.	3.13	3.11	2.90
14	Inflation rate 10%	Over 5 yrs.	4.40	4.39	3.93
15	Debs &	5 years	11.50	11.30	11.85
16	Loans	15 years	11.18	11.06	11.64
17		25 years	10.98	10.87	11.45

‡Opening index 2384.1; 9 am 2402.3; 10 am 2407.5; 11 am 2408.5; Noon 2400.3; 1 pm 2394.6; 2 pm 2396.5; 2.30 pm 2401.1; 3 pm 2406.3; 4.10 pm 2406.5; (a) 10.22am (b) 8.30am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323. CONSTITUENT CHANGES: For quarterly changes see yesterday's paper page 26.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
8pc 1992 ‡‡		99⅛xd	—	99⅞	95⅜	8.82	
10½pc Cv 1992‡‡		99⅞xd	—	100⅞	96½	10.50	10.2[illegible]
3pc 1992		98⅞	—	98⅞	91⅝	3.03	[illegible]
Exch 12¼pc 1992		100½	-⅛	102⅝	100½	12.19	[illegible]
13½pc 1992		101⅛	-⅛	104⅛	101⅛	13.34	[illegible]
Treas 8¼pc 1993		98⅛	-⅛	98⅞	94	8.40	[illegible]
10pc 1993‡‡		98½xd	-⅛	100¾	97⅛	10.05	[illegible]
[illegible]							

BRITISH FUNDS - Cont.

[illegible]

BRITISH FUNDS - Cont.

[illegible]

3 945 RPI for July 1991, 133.8 and for February 1992, 136.3.

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
African Dev 11¼ 2010		105⅞	-⅝	111½	95⅞	10.70	10.38
Asian Dev 10¼pc 2009		100⅛	-⅝	105⅞	91⅞	10.33	10.21
B'ham 11½pc 2012		102¾	-½	108½	100½	11.33	11.15
Ireland Cap 8½pc '10		91	—	99¼	88½	8.90	-
9pc Cap 1996		82⅜	—	99¼	92	8.17	-
13pc '97-02		106⅝	—	115½	106⅝	11.38	-
Hydro Quebec 15pc 2011		131⅛	-⅛	137½	120⅞	15.0	11.04
Int-Am Dev 12½pc 2003		112⅞	-⅞	118⅝	105⅞	11.08	10.46
9¾pc 2015		95⅛	-⅛	101⅛	86⅞	10.37	10.25
Leeds 13½pc 2006		118½	-¼	119½	110½	11.89	11.18
Liverpool 3½pc Irred		30¼	-¼	31¼	28	11.67	-
LCC 3pc '20 Aft		27½	-½	28	26	11.11	-
Manchester 11½pc 2007		103½	-½	107¼	97½	11.27	11.00
Met. Wtr 3pc 'B'		54½	—	55¼	52	5.77	9.93
N'wide Anglia 3⅞pc 2021		103½	—	106¼	102	-	5.65
4⅛pc IL 2024		103¼	-½	107¼	103¼	-	5.35
Utd Mex. States 16½pc 2008		121½	-¼	126	101	13.33	13.24

AMERICANS

Notes	Price £	+ or -	1991/92 high	low	Mkt Cap $m	Yld Gr's
Abbott Labs	35 1/16xd	+1/16	38 13/16	20⅞	15,070	1.9
♥Allegheny & W.	298p	—	385p	218p	163.3	5.7
Amdahl	935p	-13	1159p	657p	1,037	0.6
Amer Cyanamid	35⅞	+⅛	42¼	25¾	3,345	2.4
Amer Express	13 11/16xd	+1/32	17⅞	9 11/16	6,321	4.2
Amer T & T	23⅝xd	—	24½	15¼	30,655	3.1
Ameritech	32¾	-¼	38⅞	32½	14,339	6.1
BankAmerica	25 13/16xd	+3/16	25⅝	12 1/16	5,611	2.9
Bankers NY	31 11/16xd	+3/16	38 7/16	20 1/16	2,824	8.6
Bell Atlantic	24	+¼	38½	23¼	9,438	5.9
BellSouth	26⅛	+¼	31¼	25	12,671	5.9
♥Bethlehem Steel	8⅝xd	-1/16	11¼	6 3/16	657.4	—
Bowater	1413pxd	-37	1598p	1042p	567.5	4.6
CPC	49½xd	+3/16	54 13/16	37 13/16	3,741	2.7
California Engy	652p	-26	930p	420p	118.7	—
Campbell Soup h	21	+3/16	25	14⅛	5,278	1.9
Chase Manhattan	13¾xd	+⅛	14 11/16	5 3/16	1,869	4.9
Chrysler	10⅛xd	+⅛	10⅝	5⅜	3,032	3.3
Citicorp	9¼xd	-⅛	10⅞	4⅝	3,349	—
Colgate-Palm	29⅞xd	+1⅛	29⅞	21 3/16	4,190	2.1
Cont'l Bank	971p	+23	997p	438p	981.2	3.5
Dana	22 3/16xd	+3/16	23¼	13⅝	912.0	4.1
Data General	536p	-10	1262p	303p	147.9	—
Dial	21⅝xd	-1/16	24⅛	7⅞	868.5	2.9
Dun & Brad	32½	+⅛	33½	20¼	8,799	3.7
Eaton	43⅛	+⅝	45½	24¼	1,477	2.9
Echlin	10½xd	—	11	5½	686.4	3.8
FPL	19¼xd	+⅛	20⅛	14 1/16	3,263	7.0
Fluor	22⅝xd	-⅛	30 3/16	17 3/16	1,835	1.0
Ford Motor	22 3/16xd	+1/16	23 3/16	13	18,661	2.5
Gen Elect	44⅜xd	+3/16	45 13/16	28 3/16	38,455	3.6
♥General Host	508p	-11	566p	270p	—	4.0
Gillette	27 3/16xd	-3/16	45¼	20⅞	5,999	1.3
Hasbro h	13½	-¼	16	5⅝	1,161	0.8
Honeywell	42 3/16xd	+3/16	43	21¾	2,968	2.2
Houston Inds	24⅝	+⅝	24⅞	17⅞	3,190	6.7
IBM	49xd	+1	72 13/16	46	28,034	5.6
Ingersoll-Rand	35¼xd	—	38 3/16	18 3/16	1,879	2.1
Lockheed	26½	+¼	28⅛	16⅜	1,654	4.3
Lowe's	2166p	-16	2478p	1245p	796.7	1.4
Merrill Lynch	32⅛xd	—	39 13/16	10 3/16	3,297	1.8
Morgan (JP)	33¾xd	+⅛	38¼	21 11/16	6,374	3.6
Morris (Philip)	44xd	+⅛	45 3/16	25 1/16	40,736	2.7
NYNEX	41¼	+1	46⅞	39	8,266	6.3
♥Pac Agric	42p	—	89p	15p	—	—
Pall	14⅞	+⅛	17 3/16	10 3/16	1,394	1.4
Pennzoil	25⅞xd	+1/16	46⅛	25 1/16	1,845	6.5
Quaker Oats	32 3/16xd	+1/16	40 3/16	24⅞	2,452	3.0
Rockwell	13¼xd	-1/16	17⅛	12⅛	3,137	3.6
Rep NY	23⅜	—	27 13/16	16½	1,236	2.4
Sears Roebuck	26xd	—	28	12 13/16	8,946	4.3
Sthwestern Bell	33½	-⅛	35⅞	25⅝	10,887	4.8
Sun Co.	15 11/16xd	+3/32	20¼	14⅛	1,690	6.5
Tenneco	22⅝xd	+3/32	27⅛	14⅞	2,770	4.0
Texaco	33xd	+⅛	40½	29 3/16	8,529	5.5
Time Warner	58½xd	+1 3/32	*64½	37⅞	5,398	1.0
♥Unilab	460p	—	587p	250p	427.3	—
Utd Tech	30¾xd	+¼	31½	22⅜	3,740	3.3
♥Utilitech	128p	—	120p	42p	—	—
♣URS Intl Inc	0½p	—	1¼p	0¼p	1.59	—
US West	19¾	+⅛	23	18¼	8,068	5.9
Varity	797p	+15	1410p	578p	198.9	—
Waste Manage	22¼xd	+⅜	26	16⅝	10,518	1.1
Whirlpool	2593pxd	+23	2781p	1053p	1,882	2.4
♥Woolworth	18	+½	20 3/16	12¾	2,347	3.4

CANADIANS

Notes	Price £	+ or -	1991/92 high	low	Mkt Cap £m	Yld Gr's
♥Abbot Energy	2p	—	11p	1¼p	—	—
Amer Barrick	1468p	+35	1642p	953p	2,085	0.3
Bk Montreal	20¾	+⅛	23¼	13	2,493	5.5
Bk Nova Scot	999p	+28	1178p	536p	2,068	4.7
♥BC Gas	845p	—	870p	639p	—	3.8
BCE	22⅜	—	24½	17¼	6,926	6.9
♥Brascan	834p	-4	1050p	647p	687.8	6.7
♥Breakwater	31p	-1	38p	6p	18.7	17.4
Can Imp Bk	1437p	+20	1810p	1180p	2,823	5.0
Can Pacific	819p	+8	1100p	756p	2,579	0.3
4pc Deb	35½	—	37	30	18.6	11.3
♥Derlan	298p	—	483p	246p	—	5.2
♥Echo Bay	375p	—	628p	356p	394.3	1.3
♥ECO	27p	—	191p	11⅞p	—	—
Granges	51p	—	89p	48½p	11.1	—
♥Gulf Can	329pxd	+40	620p	219p	686.9	6.6
♥Hawker Sid	11⅞	-⅛	14½	10	97.3	4.9
♥Hudson's Bay	1518p	-21	2013p	876p	451.0	2.9
♥Imperial Oil	18⅝xd	+¼	29¼	18	3,618	5.2
Inco	16¼xd	-¼	23⅛	12½	1,712	3.3
♥Int Corona	351p	—	552p	316p	578.2	1.5
♥Muscocho	3½p	+½	47½p	2p	—	—
♥N A Tire Recycling	55p	—	59p	34½p	1.93	—
Nova Corp Alberta	391pxd	-4	484p	308p	1,172	3.3
♥Rio Algom	877p	—	1081p	701p	383.6	4.9
Royal Bk Can	1163p	+7	1458p	1022p	3,582	5.4
♥TVX Gold	178p	+6	250p	152p	27.6	—
♥Tam Pure	1½p	-½	15p	1p	—	—
Toronto-Dom	792p	+14	1048p	736p	2,384	5.4
♥Trans Can Pipe	798p	+8	979p	719p	1,233	4.9

BANKS

Notes	Price	+ or -	1991/92 high	low	Mkt Cap £m	Yld Gr's	P/E
ABN Amro Fl	£14	-1/16	£14¾	£9 3/16	3,787	6.5	♦
ANZ AS q	173	—	*188½	119½	2,116	5.1	13.2
■Abbey National q	281	-5	311	211	3,421	5.4	8.3
■Allied Irish I£ †	158	-2	185	126	1,631	5.9	11.5
■Anglo Irish I£ g	40	—	*60½	40	48.1	10.0	5.8
Banco Bilbao Pts	£15¼	—	£18⅝	£12½	3,522	5.4	6.9
Banco de Sen Pta	£30⅛	—	£30⅞	£21 11/16	3,345	4.4	♦
■Bk Ireland I£ th	137	-3	173⅛	115⅝	551.2	7.7	22.4
Bank Leumi Shk	£19¢	—	£19½	£19	130.9	—	—
Bank Leumi (UK)	348	—	358	340	25.4	6.3	—
■Bank Scotland th	183	+1	*128	91	1,182	5.5	22.4

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

Notes	Price	+ or -	1991/92 high	low	Mkt Cap £m	Yld Gr's	P/E
■Polypipe th	118xd	-2	128	67½	178.9	2.2	18.4
♣Quiligotti ‡	10	-½	46	10	2.90	‡	—
■RMC †	541	-9	749	491	1,054	4.8	12.5
♣Ramus	69	—	78	50	3.31	0.2	—
■Redland H	450	-1	*658	416	2,142	7.4	13.0
Roskel	53	—	79	61	9.45	9.1	6.7
■Rugby q	185xd	-3	217	135	537.6	4.6	14.6
Russell (A)	85	-2	99	72	19.9	3.4	15.6
♣SWP	6½	—	22	6½	1.91	12.3	7.1
♣Sandell	30	—	62	23	0.75	‡	—
St Gobain FFr	£57¼	-½	£58¼	£33 3/16	3,921	4.0	♦
Sharpe & Fisher	91	+1	98	70	18.8	6.0	♦
♣Shaw (A)	68	-1	62	46	4.38	10.9	17.7
Sheffield Insuls	75	—	161	75	18.2	10.1	♦
■Spring Ram	142	-3	185	62½	518.3	0.3	♦
■Starmin H	18¾	-1½	*22	10¼	34.0	3.9	21.2
■Steetley	390	-2	424	252	1,513	4.8	20.2
■Tarmac	120½	-2½	283	95	878.4	12.4	13.6
♣Tilon	125	—	127	40	14.1	3.5	13.4
■Travis Perkins	184	-5	261	175	187.0	5.8	23.7
♣Tudor	31	—	33	22	1.77	2.2	♦
Ward Group ‡	86	—	208	65	18.8	‡	2.9
■Wickes	76	+1	*88	27	220.2	—	—
■Wilshaw	8½	—	12	4¾	7.46	4.2	15.5
■Wolseley	392	-4	449	290	927.2	4.1	18.3
Worcester	169	-1	179	87½	45.4	3.4	♦

BUSINESS SERVICES

Notes	Price	+ or -	1991/92 high	low	Mkt Cap £m	Yld Gr's	P/E
■ADT $	483	-2	1219	280	582.5	—	♦
AFP	32½	—	365	26	30.1	—	—
♣ASB Group	7	—	28	6	1.83	—	—
♣ATA Select	13	—	21	11	2.87	10.3	—
♣ATP Comms	2	—	7	2	0.25	—	—
Adam & Harvey W	218	—	243	188	9.33	6.1	3.7
♣Air London	123	—	128	68	18.9	3.5	13.9
Aircan Lakes	80	—	81	59	4.06	4.6	♦
■Autoted Sec	85	+1	270	81	66.2	8.0	♦
■BET	124	-5	233	67	926.3	14.2	13.9
■BNB Res	87	—	116	76	28.9	7.8	♦
BPP	223xd	—	*383	196	58.4	4.1	13.0
Barbour Index †	229	—	275	137	38.1	3.8	15.9
■Boustead	22	-½	48	20	18.8	4.3	♦
Brooks Service ‡	73	—	115	73	6.77	‡	6.9
■Burns-Anderson	5½	—	18½	5	2.28	—	—
■CRT fa	103	-6	134	71	53.4	1.8	19.1
Capna	288	-5	324	154	43.0	2.5	♦
■Caskel †	19	-½	27½	10	19.1	1.4	16.0
Christie Group	34	+1	59	27	7.87	—	—
♣Comac	33	-1	38	14	2.12	—	—
■♣Corp Servs	23	-1	68	23	6.84	—	—
Dart fg	78	—	*126	78	11.9	5.1	8.4
■Davis Service	178	-1	180	111	147.7	6.2	♦
♣EW Fact	103	-2	138	92	5.53	5.8	♦
■Gardner	24	-1	89½	24	25.7	7.2	5.6
Gardner DC ‡	25	-2½	*112½	24	6.98	‡	3.7
■Hays †	177xd	-3	198	100	674.8	3.0	17.7
♣Hiclare	50	—	78	48	1.38	1.3	9.6
■Hogg Robinson †	188	-3	221	83	136.8	3.7	20.2
■Holmes Protect S	4¼	—	6½	0¾	3.21	—	—
♥Hutch Whmp HKS	114	—	130	79	3,474	4.4	♦
ISS B DKr b	£64½	-⅝	£65⅛	£61 3/16	353.1	1.0	18.1
■Inchcape q	432	-4	*472	213	2,283	3.9	16.8
Johnson Cleaners	686xd	-5	655	380	117.3	5.6	♦
■Lep ‡	11	-½	187	7	15.2	‡	1.3
MITIE †	175	-1	187	128	17.7	1.5	15.9
■Maddox	18	-⅛	12¼	3½	22.4	—	—
Manpower $	693	-9	957	685	657.0	—	—
■NMW Comps	32½	—	59	23	6.86	2.1	21.5
OCE 9pc Cv 87-92	£250	—	£250	£87½	3,798	3.6	—
■Page (M)	37½	—	49	26	22.3	6.6	♦
♣Penna ‡	89	—	330	80	4.21	‡	2.7
■Proudfoot (A)	371	-2	426	262	223.1	6.8	8.0
RCO	419	—	438	235	44.6	4.0	15.5
REA ‡	149	—	192	143	12.0	3.7	16.7
Reed Exec ‡	78	—	76	34	38.1	‡	—
♣Reliance Sec	237	-6	289	147	25.1	4.7	12.9
♣Rentaminster	8	—	25	8	2.38	—	—
■Rentokil q	360xd	-7	417	203	1,898	1.6	23.1
Rolfe & Nolan †	190	-2	285	143	10.7	3.9	10.6
■Scantronic	47	—	90	41	15.1	8.4	47.9
♣Scott Pickford	31	—	42	15	2.08	2.2	6.1
■Securiguard	129	-5	156	56	33.0	9.2	7.3
■♣Select Appts	3	—	18	1¼	0.45	—	—
Serco	693xd	-1	*625	349	68.0	2.7	♦
♣Sherwood Comp	195	+1	205	85	16.2	4.2	♦
■Sketchley	112	-2	148	65	64.9	—	—
♣VTR	50	—	83	43	3.61	9.1	9.7
Warner Howard †	278	-2	284	165	63.1	2.6	16.6
Welpac	23	—	25	8	12.1	—	—
Wills Group	6½	—	*9¼	2¼	5.55	—	3.3

CHEMICALS

Notes	Price	+ or -	1991/92 high	low	Mkt Cap £m	Yld Gr's	P/E
Akzo Fl	£46⅞	-½	£74 3/16	£21 3/16	2,154	4.2	12.3
■Allied Colloids †	194	-5	213	120	507.5	2.4	18.6
■Anglo Utd q	23	-½	*41¼	23	76.2	9.3	—
BASF DM	£85¼	-⅛	£88 3/16	£57	4,852	8.2	—
■BOC u	657	+4	673	468	3,101	4.5	14.2
■BTP M	216	-4	*247	144½	203.1	5.4	13.3
STR Nylex AS	166	—	159	91	2,627	3.6	♦
Bayer DM	£103¼	-¼	£108½	£72 11/16	8,659	4.6	♦
■Brent	122	-3	*180¾	115	81.8	8.5	♦
■British Vita g	249xd	-5	*258	174½	509.8	3.9	14.5
■Caird	85xd	-4	128	42	49.6	4.2	♦
7p Cv Pf '09	81	-1	93	43	28.8	11.5	—
♣Cambridge Iso S	39	-2	44	13	4.09	—	♦
■Canning (W)	131	-6	171	94	36.8	7.7	♦
♣Chemex	2½	—	*11¼	1	1.98	—	—
■Courtaulds †	530½	-6½	547	300	2,122	3.0	14.1
■Croda	158	-5	209	142	204.2	6.5	♦
Doeflex	81xd	—	94	88	6.89	6.6	♦
■Ellis & Everard †	189	-2	218	165	154.7	5.0	14.5

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

Authorised by the Inland Revenue

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

INVESTMENT COMPANIES

MEDIA

MERCHANT BANKS

MERCHANT BANKS - Cont.

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

Kenmare	4½	—	35	3½	4.32	–
‡‡Navan Res I£	25	+1	25	15	3.35	–
Northgate Expl C$ s	39	—	99	37	4.92	–
North West Expl A$	3	—	16	2	1.01	–
Oryx Gold $	51	−27	188	51	–	–
‡‡Ovoca Gold I£	6	−3	23	6	0.42	–
Plateau	9	—	44	9	4.10	–
RTZ q	579xd	+5	685	404	5,795	4.5
Vizcaya	1½	−½	10	1½	0.88	–
Western & Pac C$	39	+17	152	7	21.4	–
Young Grp	35#	—	133	25	5.27	19.8

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- · Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- \# Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. r Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v Subject to local tax. z Dividend yield includes a special payment. E Minimum tender price. F Yield based on prospectus or other official estimates for 1990-91. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1991. K Yield based on prospectus or other official estimates for 1992-93. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1991-92. N Yield based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1991. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Unit Trust Managers Limited (1000)F						
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783						
AIB Grofund American	6	114.6	120.8	127.2	+1.20	0.0
AIB Grofund Equity	5	163.6	165.6	175.3	-3.00	2.87
AIB Grofund Euro	5	134.9	136.7	143.9	-0.10	0.89
AIB Grofund Gilt	3	68.25	68.30	70.41	-0.74	8.24
AIB Grofund Japan	5	107.4	108.7	114.4	-4.40	0.00
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
Gilts & Fixed Int	6	115.4	115.4xd	122.3	-0.7	8.46
High Inc Equity	5	115.3	118.0xd	125.5	-4.9	6.77
Worldwide Bond	6	220.3	220.3	233.5	+0.5	6.09
Capital Growth						
American Growth	6	210.8	210.8	225.4	+0.1	.99
Asian Pacific	6	138.6	141.5	150.5	+0.4	1.42
Assets & Earnings	6	173.2	173.2	185.2	-6.7	3.30
Capital Reserve Acc	0	113.4	113.4	113.5		7.91
Capital Reserve Inc	0	83.90	83.90xd	83.97	-0.02	7.91
Commdty & Energy	6	68.11	68.11xd	72.64	-0.94	1.46
1992 Enterprise	6	65.65	65.65	70.21	-1.90	3.10
Euro Capital Acc	6	91.20	91.20	97.54	-0.65	1.07
Euro Capital Inc	6	86.37	86.37xd	92.37	-1.44	1.08
General	6	157.8	157.8	168.7	-6.1	3.44
Japan	6	75.16	75.16	80.38	-3.69	-
Mastertrust	6	85.73	85.73	91.68	-2.28	2.56
UK Growth Acc	6	157.5	164.6	175.1	-3.8	2.62
UK Growth Dist	6	99.42	103.9xd	110.5	-3.1	2.69
US Emerging Cos	6	80.33	80.33	85.91	-1.38	-
Income & Growth	6	276.9	276.9	296.1	-11.3	4.73
Ethical	6	51.16	52.49	55.83	-1.09	3.26
International	6	60.66	61.55	65.47	-0.61	1.62
Dividend & Growth	6	43.55	44.57	47.41	-1.00	6.33
Global Gwth & Sec	6	53.21	53.49	56.90	-0.35	2.71
Aberforth Unit Trust Managers Ltd (1600)F						
16 Chester St, Edinburgh EH3 7RA 031 220 0733						
UK Small Cos	0	1063.0	1063.0	1126.0		-
Abtrust Unit Trust Managers Ltd (1200)H						
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580						
Amer Inc & Growth	5½	31.27	31.27	33.09	+0.24	2.55
Cash	0	50.34	50.34xd	50.34	-0.01	9.94
European	5½	71.48	71.48	75.91	+0.07	0.00

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
MGM Unit Managers Ltd (1000)F						
MGM House, Heene Rd, Worthing						
Dealing: 0277 261010 Enq: 0903 204631						
High Income	5	210.8	213.5xd	227.1	-9.6	6.88
(Accum Units)	5	349.8	354.3	376.9	-7.1	6.88
UK Growth	5	262.8	265.8xd	282.7	-9.4	4.62
(Accum Units)	5	922.0	925.6	346.3	-6.4	4.62
Int Equity Gth §	5	46.80	47.02	50.02	-0.26	1.06
Intl Bond	5	54.51	54.51	57.24	+0.24	7.97
Special Sits Gwth	5	13.92	14.40xd	15.31	-0.33	4.22
North American Gwth	5	70.95	71.28xd	75.82	+1.82	0.80
European Growth §	6	51.80	52.03xd	55.35	-0.04	1.17
MW Investment Managers Ltd (0659)F						
46 Court St, Haddington, E. Lothian 062 082 5867						
MW Joint Investors	0	1090.2	1090.2	1114.2		4.34
Maiden Unit Trust Managers Ltd (1400)F						
c/o Baillie Gifford 1 Rutland Ct EH3 8EY 031 222 4242						
Maiden General	0	100.5	100.5xd	105.8		5.61
Manulife Management Ltd (1200)F						
St George's Way, Stevenage Dealings: 0438 356858						
Growth Units	5½	124.9	125.7	134.5	-2.7	3.95
Gilt & Fxd Int	5	148.1	148.1xd	157.1	-1.0	8.27
Intl Growth	5½	140.4	140.4	150.4	-1.1	0.61
North American ♥	5½	108.7	108.7	116.9	+0.9	0.75
Far East	5½	130.9	130.9	140.1		1.06
UK Smaller Cos	5½	100.0	102.5	109.7	-2.7	2.32
European	5½	53.88	53.88	57.53	+0.04	0.92
Japanese Growth	5½	27.46	27.46xd	29.35	-1.14	0.00
Managed P'folio	5½	47.09	47.09	50.46	-0.58	1.75
High Income	5½	126.3	127.5xd	136.4	-3.3	6.62
Marks & Spencer Unit Trust Ltd (1200)F						
PO Box 410, Chester X, CH99 9DG 0244 680066						
M & S Inv P'folio	5½	107.3	107.7	115.1	-1.4	3.16
Do Accum	5½	116.5	116.8	124.9	-1.6	3.16
UK Sel P'folio	5½	88.37	89.18	95.37	-1.76	4.52
Do Accum	5½	95.67	96.5	103.2	-1.9	4.52

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
N&P Unit Trust Management Ltd (1200)F						
35 Fountain St, Manchester M2 2AF 061 237 5322						
N&P UK Growth	5	54.79	55.14	58.66	-0.83	3.94
N&P UK Income	5	77.11	78.08	83.51	-1.64	5.87
N&P Gilt & Fixed Int	5	63.93	63.93xd	67.66	-0.43	8.53
N&P Higher Income	5	134.90	140.60	149.20	-5.10	6.79
N&P Smaller Co's	5	53.65	55.35xd	59.21	-1.57	2.92
N&P International	5	71.99	71.39	76.38	-0.87	2.78
National Provident Inv Mgrs Ltd (1400)H						
48 Gracechurch St, EC3P 3HH 071-623 4200						
NPI American Acc ♥	5	82.00	82.33	87.59	+0.71	0.49
NPI American Dist ♥	5	76.00	76.32	81.19	+0.66	0.49
NPI European Acc	5	72.98	73.54	78.23	-0.50	0.24
NPI European Dist	5	70.82	71.36	75.92	-0.48	0.24
NPI Far East Acc ♥	5	100.4	101.0	107.4	-2.17	0.64
NPI Far East Dist ♥	5	98.9	99.6	105.9	-2.20	0.64
NPI Global Dist	5½	51.24	51.45	55.00	-0.65	2.64
NPI O'seas Acc	5	895.1	900.6	958.9	-2.30	0.95
NPI O'seas Dist	5	692.3	696.7xd	741.2	-1.60	0.95
NPI UK Acc	5	465.5	469.0	498.9	-9.00	3.67
NPI UK Dist	5	252.5	254.4	270.6	-4.90	3.67
National Provident Inv Mgrs Ltd — Contd.						
NPI Extra Inc Dist	5½	50.37	50.87	54.41	-0.99	4.12
NPI UK Spec Opp Acc	5½	51.76	52.48xd	56.13	-1.33	3.43
NPI W'wide Acc	5	83.08	85.41	90.86	-0.49	0.03
NPI W'wide Dist	5	79.60	81.84xd	87.06	-0.47	0.03
NPI W'wide Inc Dist	5½	50.06	51.51xd	55.09	-0.67	4.89

For National & Provincial UT Mngrs see N&P UT Mngmt

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Newton Fund Mngrs Ltd (1200)F						
2, London Bridge, SE1 071-407 4404						
Newton Income	6	146.53	149.84xd	159.41	-3.58	5.73
Newton Global	6	214.55	214.55xd	228.25	-1.03	1.30
Newton General	6	122.34	125.54xd	133.56	-2.05	3.77
Newton Intl Bd	6	96.86	98.28xd	104.56	-2.66	7.47

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Marlborough Fund Managers Ltd (1630)F						
57 Victoria Square, Bolton, BL1 1LA 0204 364842						
Managed Tst	5	51.68	51.90xd	55.22		5.78
Martin Currie Unit Trusts Ltd (0905)H						
Saltire Crt, 20 Castle Terrace, Edinburgh 031 479 4646						
Far East (Pacific)	5½	93.97	95.52	101.4	-0.9	0.79
Income & Growth	5½	57.41	58.17	61.75	-1.43	5.10
European	5½	57.25	57.66	61.20	+0.22	1.24
Nth American	5½	41.52	42.00	44.58	+0.35	0.72
Intl Growth	5½	72.54	74.05	78.60	-0.18	1.22
UK Growth	5½	57.33	58.20	61.78	-0.81	1.79
Intl Income	5½	50.48	50.92xd	54.05	-0.2	5.95
High Yield	5½	41.20	41.73	44.29	-0.98	5.96

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Save & Prosper Group (0900)H						
16-22 Western Rd, Romford RM1 3LB						
Capital Hse, 2 Festival Sq, Edinburgh EH3 9SX						
(Romford) 0708-766966 or (Edin) 031-228 4300						
Amer Inc & Gwth	5½	55.86	55.86	59.42	+0.37	4.04
Amer Smllr Cos	5½	67.35	68.18	72.53	+1.07	-
Capital	5½	111.0	111.0	118.0	-2.4	2.02
Cash	0	111.2	111.2xd	111.2	+0.1	10.00
Commodity	5½	77.47	77.47xd	82.41	+0.28	1.68
Eastern Discovery	5½	61.02	62.51	66.49	-0.56	0.43
Energy Inds	5½	63.96	63.96	68.04	-0.78	0.99
European Gwth	5½	129.3	129.4	137.6	+0.3	1.32
Euro Inc & Gwth	5½	56.91	56.91	60.54	+0.1	2.78
Euro Smllr Cos	5½	37.61	37.70	40.10	+0.26	1.22
Exempt Income	0	96.43	96.43	99.11	-2.09	8.10

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Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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Norwich Union Life Insurance Soc.–Contd.

	Bid Price	Offer Price	+ or –	Yield Gross
Pensionmaker* & Unit-Linked Plus*				
Mixed Fund	433 2	456 3	–2 2	–
Ordinary Share Fund	646 6	680 6	–2 0	–
International Fund	170 0	178 9	–2 2	–
Property Fund	258 3	271 9	–1 4	–
Fixed Interest Fund	388 8	409 3	–1 4	–
Index-Linked Sec Fund	187 6	197 5	–0 7	–
Deposit Fund	278 9	293 6	+0 4	–
Norwich Units Mar 24		1048 63		–

*Prices as at March 31

	Bid Price	Offer Price	+ or –	Yield Gross
Jersey Investment Plan				
With Profits Fund	123 11	129 59	+0 03	–
Int'l Equity Fund	92 10	96 94	–0 56	–
Int'l Bond Fund	121 32	127 70	+0 85	–

Norwich Union Pensions Management Ltd
Surrey Street Norwich NR1 3NG 0603 683335

	Bid Price	Offer Price	+ or –	Yield Gross
Group Pooled Pensions				
Balanced Managed Fd	310 10	315 34	–1 37	–
Growth Managed Fd	102 76	104 59	–0 53	–
Sentinel Managed Fd	102 33	103 75	–0 35	–

Prices as at March 30

Pearl Assurance (Unit Funds) Ltd
Thorpe Wood, Peterborough PE3 6SA 0733 63212

	Bid Price	Offer Price	+ or –	Yield Gross
Prop Dist (Gross)	133 9	140 9		–
Prop Acc (Gross)	255 2	268 6		–
Equity (Gross)	926 9	870 4	–13 8	–
Managed (Gross)	581 0	611 6	–8 3	–
Prop Acc (Net)	121 8	128 3	+0 1	–
Equity (Net)	192 6	202 8	–2 8	–
Managed (Net)	179 7	189 2	–2 2	–
International (Net)	164 2	172 9	–1 6	–
Gilt & Fixed Interest	130 7	137 6	–0 9	–
Money Fund	137 6	144 8		–
Mixed Fund (Cap)	114 5	120 6	–	–
Mixed Fund (Acc)	118 0	124 3		–
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	634 5	667 9	–4 9	–
Ret Man (Series 2)	215 1	226 5	–3 4	–
Ret Cash	192 6	202 7		–
Pens Mixed Fd (Cap)	127 5	134 3		–
Pens Mixed Fd (Acc)	131 3	138 3		–
Pens Stlg Fd (Cap)	101 9	107 3		–
Pens Stlg Fd (Acc)	105 0	110 6		–

Pegasus Assurance Ltd
Broad Quay Bristol BS1 4DJ 0272 230271

	Bid Price	Offer Price	+ or –	Yield Gross
Life Funds				
Managed Aggressive	101 7	107 1		–
Managed Balanced	96 4	101 5	–0 4	–
Managed Cautious	107 8	113 5	–0 3	–
Pension Funds				
Managed Aggressive	106 3	111 9		–
Managed Balance	101 5	106 9	–0 4	–
Managed Cautious	109 7	115 5	–0 3	–

For Pioneer Mutual see Swiss Pioneer

Premium Life Assurance Co Ltd
37-39, Perrymount Road, Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or –	Yield Gross
American	160 0	169 0	+1 0	–
Building Soc. Fd	219 0	231 0		–
Balanced	265 0	279 0	–3 0	–
European	209 0	220 0		–
GT Managed	183 0	193 0	–1 0	–
Gartmore Mngd	126 0	133 0	+1 0	–
German	140 0	148 0		–
Gilt	170 0	179 0	–3 0	–
Global	39 0	42 0		–
International Equity	202 0	213 0	–1 0	–
Japan	169 0	178 0	–7 0	–
Leisure	49 0	52 0		–
Managed	44 0	47 0	–1 0	–
Property	291 0	307 0	–1 0	–
UK Equity	253 0	267 0	–4 0	–
Pension Funds				
American	302 0	318 0	+3 0	–
Building Soc. Fd	233 0	246 0		–
Balanced	219 0	231 0	–1 0	–
European	229 0	242 0		–
German	136 0	144 0		–
Gilt	159 0	168 0	–1 0	–
Global	38 0	40 0		–
International Equity	183 0	193 0		–
Japan	95 0	100 0	–4 0	–
Managed	54 0	57 0	–1 0	–
Property	225 0	237 0	–1 0	–

Provident Mutual Life Assc. Assn.–Contd.

	Bid Price	Offer Price	+ or –	Yield Gross
Fixed Interest Ord	215 3	226 6	–1 7	–
Fixed Interest Init	158 3	166 6	–1 3	–
Deposit Ord	183 9	193 6	+0 1	–
Deposit Init	135 2	142 3		–
Pension Funds				
Managed Ord	442 9	466 2	–4 7	–
Managed Init	325 7	342 8	–3 6	–
Equity Ord	658 5	693 2	–10 3	–
Equity Init	484 3	509 8	–7 6	–
Pen Ind Lkd Gilt Ord	177 6	186 9	–0 4	–
Pen Ind Lkd Gilt Init	136 4	143 6	–0 2	–
Overseas Equity Ord	312 6	329 1	–2 2	–
Overseas Equity Init	229 9	242 0	–1 7	–
Property Ord	278 4	293 1	–1 3	–
Property Init	204 8	215 6	–0 9	–
Fixed Interest Ord	272 6	286 9	–1 9	–
Fixed Interest Init	200 5	211 1	–1 3	–
Deposit Ord	262 4	276 2	+0 1	–
Deposit Init	193 0	203 2		–

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 071-405 9222

	Bid Price	Offer Price	+ or –	Yield Gross
Prufund				
Managed Mar 11	251.6	262 11	–2.51	–

Prudential Corporate Pension Funds
1 Stephen St London W1P 2AP 071-548 3281

	Bid Price	Offer Price	+ or –	Yield Gross
Prudential Managed Funds				
Discretionary Mar 26	£180 40	185 94		–
Equity Mar 26	£302 38	329 30		–
International Mar 26	£28 22	28 81		–
Int'l Bond Mar 26	£14 90	14 99		–
Fixed Int Mar 26	£99 03	100 16		–
Index Linked Mar 26	£70 98	71 87		–
Property Mar 26	£107 48	113 51		–
Cash Mar 26	£30 0273	30 0273		–
Pru-Linked Retirement Plan				
Managed Apr 01	433 4	451 5	–1 3	–
Cash Apr 01	276 6	288 2	+0 3	–
Prudential Pension Investment Account				
Pens Mngd Apr 01	173 6	186 8	–0 3	–
Pens UK EQ Apr 01	301 9	325 6	–0 8	–
Pens Intl Apr 01	199 2	214 0	–0 5	–
Pens Global Eqty Apr 01	97 3	102 5	–0 3	–
Pens Fixed Apr 01	221 4	237 5	+0 7	–
Pens Index Lk Apr 01	183 5	193 7		–
Pens Property Apr 01	88 1	92 8		–
Pens Cash Apr 01	180 4	190 1	+0 1	–
Money Purchase Plan				
Discretionary Mar 31	95 8	102 6	–0 4	–
Equity Mar 31	95 9	103 1	–0 5	–
International Mar 31	88 3	93 7	–0 2	–
Global Equity Mar 31	94 8	101 5	–0 5	–
Int'l Bond Mar 31	100 8	106 1	–0 3	–
Fixed Interest Mar 31	104 8	110 1	–0 2	–
Index Linked Mar 31	96 0	101 0		–
Property Mar 31	97 1	106 6		–
Cash Mar 31	102 7	107 8		–

Prudential Individual Life Funds
1 Stephen St. London W1P 2AP 071-548 3287

	Bid Price	Offer Price	+ or –	Yield Gross
Series I Life Funds				
Managed	553 0	582 2	–6 7	–
Equity	1123 9	1183 1	–19 2	–
Fixed Interest	459 7	483 9	–4 3	–
Property	381 1	401 2	+0 1	–
Cash	338 2	356 0		–
International	392 0	412 7	–2 4	–
Series II Life Funds				
Managed	535 8	564 1	–6 5	–
Equity	1086 2	1143 4	–18 6	–
International	380 0	400 0	–2 4	–
Fixed Int	442 7	466 0	–4 2	–
Property	367 1	386 5	+0 1	–
Cash	326 2	343 4	+0 1	–
Pacific Basin	184 1	193 8	–3 6	–
North American	155 9	164 2	+1 6	–
European	187 4	197 3	+0 4	–
Holborn Balanced Gwth	108 7	114 5	–1 7	–
Holborn Strategic Gwth	109 1	114 9	–1 1	–

Prudential Individual Pension Funds
1 Stephen St London W1P 2AP 071-548 3287

	Bid Price	Offer Price	+ or –	Yield Gross
Managed	563 9	593 6	–8 3	–
Equity	791 1	832 8	–16 0	–

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

	Bid Price	Offer Price	+ or -	Yield Gross
CMI Fund Managers (IoM)				
Clerical Medical Hse, Douglas, IoM 0624 625599				
Equity & Law Intl Fund Mngrs Ltd				
Victory Hse, Prospect Hill, Douglas IoM 0624 677877				
Gartmore Fund Managers (IoM)				
PO Box 32, Douglas, IoM 0624 627610				
Leopold Joseph Fund Mngrs (IoM) Ltd				
PO Box 52 Athol St Douglas IoM 0624 661020				
Mercury Fund Managers IoM Ltd				
11 Hill Street, Douglas IoM 0624 662255				
Merc IoM Fund	96.04	103.41	-4.10	7.3
Merc Intl Bond	50.57	53.14	-3.42	8.7
Sun Life Management (IoM) Ltd				
PO Box 178, Douglas, IoM 0624 622444				
Unibank Scandinavian Fund Ltd				
23 Bucks Road, Douglas, IoM 06246 26484				
Scandinavia Fd	-	141.26	150.61	1.0

ISLE OF MAN (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
CMI Fund Mngrs (IOM)				
Traders Fund Ltd H	$17.90	18.70	-0.0001	-
*Dealings Wednesday				
City Financial Admin (IoM) Ltd				
Duncan Lawrie Inv. Mgt. Ltd				
DL Sterling	129.7	136.2	----	4.7
DL International	$1.51	1.61	----	1.9
Equity & Law International Fund Mgrs Ltd				
European Equity	164.71	173.36	+2.00	-
Far Eastern Equity	$2.2481	2.3661	+0.0236	-
North Amer Equity	$1.7682	1.8610	+0.0177	-
UK Equity	157.49	165.69	-0.33	-
Global Equity	116.03	122.06	+0.46	-
UK Gilt & Fxd Int	100.91	106.20	-0.02	-

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
EBC Trust Company (Jersey) Ltd						
EBC Amex Traded Currency Fund Ltd*						
Income			$15.19	15.65	-0.216	2.75
Capital			$23.44	24.359	-0.021	5.50
*Offer price includes 3% prelim. charge						
International Income Fund						
Eurobd Long Term*			$32.81	34.2999		4.93
*Offer Price includes 3½% Initial Charge						
Equitilink International Mngt Ltd						
First Aust Prime Inc Inv Co Ltd NAV Mar 26 C$12.67						
First Aust Prime Inc Inv Co Ltd NAV Mar 26 US$10.65						
NAV Diluted to reflect exercise of all Wrts C$12.31 US$10.39						
Fidelity Investment (CI) Ltd						
Sterling American			£2.476	2.606	+0.003	-
Fleming Group						
Robert Fleming Management (Jersey) Ltd						
Deutschland Inv Co NAV			DM26.53			-
Foreign & Colonial Mngt (Jersey) Ltd						
Foreign & Colonial Reserve Asset Fd Ltd						
US$ Cash			$10.63			-
Multicurrency Cash			$26.44		+0.01	-
Sterling Cash			£11.71		+0.01	-
US$ Bonds			$14.59		+0.01	-
Multicurrency Bonds			$19.23		+0.02	-
Sterling Bonds			£12.70		-0.01	-
D Mark Bonds			DM10.38			-
Ecu Bonds			Ecu11.59		+0.01	-
UK Equities			£9.90		-0.07	-
US Equities			$15.98		-0.05	-
Japanese Equities			Y672		-0.19	-
Global Equities			$10.59		-0.08	-
John Govett Management (Jersey) Ltd						
Paragon Fd NAV Feb 28			$10.38			-
Paragon Redemption			$9.99			-

For Holborn Fund Mngrs see Prudential Fund Mngrs

INVESCO MIM International Limited

All Funds deal daily except where indicated.

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling unruffled by polls

A firm Labour lead in the opinion polls failed to ruffle sterling yesterday. *Emma Tucker writes.*

After losing over half a pfennig in early trading on the news that the previous night's polls pointed towards an overall Labour majority, the pound spent the rest of the day hovering around DM2.8512, well above its DM2.7780 floor in the exchange rate mechanism.

"All the talk about a sterling crisis is exaggerated," said Mr Neil MacKinnon, chief economist at Yamaichi Securities in London. "Gilts and equities have reacted quite badly to the opinion poll but the exchange rate has been as flat as a pancake."

The pound opened at DM2.8512 from Tuesday's close at DM2.8584, dipped to DM2.8510 towards the end of trading and closed at DM2.8515.

Mr Nick Stamenkovic, an economist at DKB International in London said sterling held up because of the commitment of the main parties to the ERM and because the interest rate differential against the D-mark widened over the day, providing some interest rate protection for sterling.

The yen lost ground against the dollar in early trading in London as the markets reacted with dismay to the response of Tokyo stocks to the long awaited 0.75 per cent cut in the Japanese discount rate. The Nikkei index sank 3.95 per cent to a five year low.

"Any further weakness in the Japanese stock market is going to spill over into the currency," said Mr MacKinnon.

By mid-morning in London the dollar was standing at Y134.15/20 after a Y133.90 finish in Tokyo and a Y132.70/80 close in New York.

The dollar continued to build on its early gains in the afternoon following the release of positive US economic data. The National Association of Purchasing Management survey for March rose to 54.1 from 52.4 in February. The dollar closed in London at DM1.6530 from a DM1.6477 close in Tokyo and a DM1.6425/35 New York finish. Against the yen it closed at Y134.30. In New York the dollar opened 1-½ yen above Tuesday night's close.

Traders said the dollar was the biggest beneficiary from the yen weakness but that yesterday's US data was too mixed to justify further gains. The real test for the dollar comes tomorrow when US employment data is released.

As the US currency drifted up, the D-mark ended lower against it. Underpinned by German interest rates, however, the D-mark remained firm on most cross rates.

The French franc barely moved all day as the wait for news on the government reshuffle went on. The franc is expected to remain stable provided Mr Pierre Beregovoy remains finance minister or is name premier.

£ IN NEW YORK

Apr.1	Latest	Previous Close
£ Spot	1.7260-1.7270	1.7360-1.7370
1 month	1.00-0.99pm	0.99-0.98pm
3 months	2.90-2.87pm	2.76-2.73pm
12 months	10.10-9.90pm	9.45-9.35pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr.1	Previous
8.30 am	89.9	90.2
9.00 am	89.9	90.2
10.00 am	89.9	90.2
11.00 am	90.0	90.2
Noon	89.9	90.2
1.00 pm	89.9	90.2
2.00 pm	89.9	90.2
3.00 pm	89.9	90.2
4.00 pm	90.0	90.2

CURRENCY MOVEMENTS

Apr 1	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.0	-21.4
U.S. Dollar	65.2	-13.8
Canadian Dollar	101.0	-0.5
Austrian Schilling	110.3	+12.4
Belgian Franc	111.7	-1.8
Danish Krone	109.1	+3.1
D-Mark	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Mar 31

CURRENCY RATES

[illegible]

A Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Mar.31

OTHER CURRENCIES

Apr 1	£	$
Kuwait	0.50870 - 0.50970	0.29500 - 0.29550
Luxembourg	58.65 - 58.75	34.00 - 34.10
Malaysia	4.4545 - 4.4625	2.5870 - 2.5890
Mexico	5208.00 - 5219.65	3060.50 - 3061.90
N Zealand	3.1575 - 3.1615	1.8305 - 1.8325
Saudi Ar	6.4495 - 6.5260	3.7495 - 3.7505
Singapore	2.8590 - 2.8660	1.6585 - 1.6605
S.Af (Cm)	4.9615 - 4.9730	2.8760 - 2.8800
S.Af (Fn)	6.0000 - 6.1060	3.4785 - 3.5400
Taiwan	44.10 - 44.30	25.45 - 25.55
U.A.E.	6.3150 - 6.3910	3.6715 - 3.6735

*Floating rate. Iran Official rate:£114.90 $67.00

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Apr 1	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.312	-3.23	6.17	56
Belgian Franc	42.4032	42.0284	-0.88	3.66	36
Dutch Guilder	2.31643	2.29876	-0.76	3.53	31
D-Mark	2.05586	2.04165	-0.69	3.46	36
Irish Punt	0.767417	0.767005	-0.05	2.80	-3
Italian Lira	1538.24	1539.49	0.08	2.66	-10
French Franc	6.89509	6.92246	0.40	2.34	-29
Danish Krone	7.84195	7.92198	1.02	1.71	-53
Sterling	0.696904	0.716020	2.74	0.00	-54

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu, a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Apr 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7220 - 1.7270	1.7235 - 1.7245	0.99-0.97cpm	6.82	2.88-2.85pm	6.65
Canada	2.0505 - 2.0570	2.0555 - 2.0565	0.59-0.54cpm	3.30	1.26-1.19pm	2.38
Netherlands	3.2025 - 3.2125	3.2025 - 3.2125	⅜-¼cpm	1.17	1-¾pm	1.09
Belgium	58.60 - 58.75	58.65 - 58.75	10-3cpm	1.33	19-14pm	1.12
Denmark	11.0500 - 11.0750	11.0550 - 11.0650	1½-1¼orepm	1.42	2½-1⅝pm	0.75
Ireland	1.0685 - 1.0730	1.0720 - 1.0730	0.01-0.03cdis	-0.22	0.03-0.10dis	-0.24
Germany	2.8475 - 2.8550	2.8475 - 2.8525	⅜-¼pfpm	1.32	⅞-⅝pm	1.05
Portugal	244.95 - 246.70	245.70 - 246.70	99-116cdis	-5.24	172-182dis	-2.88
Spain	180.30 - 180.80	180.35 - 180.65	30-35cdis	-2.16	75-85dis	-1.77
Italy	2148.25 - 2152.75	2149.25 - 2150.25	par-3liredis	-0.84	5-7dis	-1.12
Norway	11.1825 - 11.2075	11.1825 - 11.1925	1⅛-¼orepm	0.74	2-1¼pm	0.58
France	9.6575 - 9.6775	9.6575 - 9.6675	⅞-⅝cpm	0.93	1¾-1½pm	0.70
Sweden	10.3375 - 10.3650	10.3425 - 10.3525	⅜-⅛orepm	0.65	1⅝-1⅞dis	-0.63
Japan	231.00 - 232.00	231.00 - 232.00	1¼-1⅛ypm	6.16	3½-3¼pm	5.72
Austria	20.03 - 20.08	20.05 - 20.08	2¼-1⅛gropm	1.16	7¾-7⅝pm	1.53
Switzerland	2.6000 - 2.6100	2.6000 - 2.6100	⅜-⅛cpm	1.15	1¼-1pm	1.63
Ecu	1.3945 - 1.3970	1.3945 - 1.3955	0.12-0.07cpm	0.82	0.32-0.21pm	0.76

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.62-5.57pm. 12 Month 9.95-9.85pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Apr 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7220 - 1.7270	1.7235 - 1.7245	0.99-0.97cpm	6.82	2.88-2.85pm	6.65
Ireland†	1.6065 - 1.6120	1.6080 - 1.6090	0.89-0.86cpm	6.53	2.54-2.47pm	6.23
Canada	1.1880 - 1.1935	1.1910 - 1.1920	0.28-0.31cdis	-2.97	0.85-0.88dis	-2.90
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

[illegible]

Long term Eurodollars: two years 6⅛-6⅞ per cent; three years 6⅝-6¾ per cent; four years 7¼-7 per cent; five years 7¼-7⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others: two days' notice.

EXCHANGE CROSS RATES

Apr.1	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.724	2.850	231.5	9.662	2.605	3.207	2150	2.056	58.70	1.395
$	0.580	1	1.653	134.3	5.604	1.511	1.860	1247	1.193	34.05	0.809
DM	0.351	0.605	1	81.23	3.390	0.914	1.125	754.4	0.721	20.60	0.489
YEN	4.320	7.447	12.31	1000.	41.74	11.25	13.85	9287	8.881	253.6	6.026
F Fr.	1.035	1.784	2.950	239.6	10.	2.696	3.319	2225	2.128	60.75	1.444
S Fr.	0.384	0.662	1.094	88.87	3.709	1	1.231	825.3	0.789	22.53	0.536
N Fl.	0.312	0.538	0.889	72.19	3.013	0.812	1	670.4	0.641	18.30	0.435
Lira	0.465	0.802	1.326	107.7	4.494	1.212	1.492	1000.	0.956	27.30	0.649
C $	0.486	0.839	1.386	112.6	4.699	1.267	1.560	1046	1	28.55	0.679
B Fr.	1.704	2.937	4.855	394.4	16.46	4.438	5.463	3663	3.503	100.	2.376
Ecu	0.717	1.236	2.043	165.9	6.926	1.867	2.299	1541	1.474	42.08	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

FT-SE EUROTRACK 100 INDEX
DM50 per full index point

	Close	High	Low	Prev.
Jun	1156.0			1164.0
N				
A				

Estimated volume 0 (0)
Previous day's open int. 18 (18)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7240	1.7142	1.6954	1.6681	1.6250

MONEY MARKETS

Jitters push up rates

RATES soared in a frenzied UK money market yesterday, as news of Labour's firm lead in the opinion polls sank in.

A batch of polls on Tuesday night put Labour between four and 7 per cent ahead of the Conservatives, enough to give Mr Neil Kinnock, the Labour leader, an overall majority this time next week.

The news "fired the market into life", as one dealer put it, after several sleepy days in which the polls showed no decisive lead.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

During the day the three month sterling interbank rate - the key guide to the level of base rates - firmed ⅜ of a point to just above 11 per cent compared with a base rate of 10.5 per cent. It closed at 11⅛-⅛ anticipating more than a mere half-point hike in base rates to support the pound, after the election.

At the longer end rates also firmed. The one year rate rose from 11⅛-11 to 11⁵⁄₁₆-³⁄₁₆.

The June sterling contract dropped from an opening 88.86 to 88.77 in high volumes of trading.

The Bank of England gave the money market £350m of assistance in the morning having revised its forecast liquidity shortage from £500m to £350m. It bought £365m of band-1 bank bills at 10⅜ per cent. The Bank did not operate in the afternoon, but again revised its forecast liquidity shortage, this time to £300m.

The only consolation for the market was a flood of cheap money. Discount houses filled up with money that was being "chucked around" at 10 per cent in the first half of the morning.

The overnight rate, having firmed to around 10½-¼ per cent for a brief spell, slid down to 9⅛ - 8⅝ after the Bank revised its forecast at midday. It closed at 10¼-⅛.

German call money remained stuck near the 9.75 per cent Lombard rate after the Bundesbank took a relatively large 9.4bn D-marks of liquidity from the banks with this week's securities repurchase transaction. Dealers quoted call money at 9.65/70 per cent unchanged from Tuesday.

The Federal Reserve added temporary reserves to the banking system with overnight system repurchase agreements. The intervention had been expected by economists because of firmness in the Federal funds rate at the end of the two-week reserve maintenance period.

LONDON MONEY RATES

Apr 1	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10½	10½	10¹³⁄₁₆	11¼	11⅜	11⁷⁄₁₆
Interbank Bid	2	10	10⅞	11	11⅛	11⅛
Sterling CDs	-	-	10⅝	11¹⁄₁₆	11³⁄₁₆	11¼
Local Authority Deps.	10	10¼	10¾	11⅛	11¼	11⅜
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	9⁷⁄₁₆	10³⁄₁₆	-	-	-	-
Company Deposits	-	-	11⅛	11⅜	11¼	11⅜
Finance House Deposits	-	-	11¼	11¼	11⅜	11⁷⁄₁₆
Treasury Bills (Buy)	-	-	10⅜	10½	10½	-
Bank Bills (Buy)	-	-	10⅝	10⅞	10⅞	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	4.20	4.25	4.43	4.92
SDR Linked Dep. Offer	-	-	6¼	6⅝	6⅞	7⅛
SDR Linked Dep. Bid	-	-	6½	6⅞	6⅝	6¹¹⁄₁₆
ECU Linked Dep. Offer	-	-	10¹⁄₁₆	10³⁄₁₆	10⅜	10⅜
ECU Linked Dep. Bid	-	-	9¹⁵⁄₁₆	10¹⁄₁₆	10⅞	10⅞

Treasury Bills (sell); one-month 10½ per cent; three months 10⅜ per cent; six months 10⅜ per cent; Bank Bills (sell): one-month 10⅝ per cent; three months 10⅞ per cent; Treasury Bills: Average tender rate of discount 10.2134 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 31, 1992. Agreed rates for period Apr 26, 1992 to May 25, 1992, Scheme I: 11.77 p.c., Schemes II & III: 11.84 p.c. Reference rate for period Feb 29, 1992 to March 31, 1992, Scheme IV&V: 10.643 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from April 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5,1991. Deposits withdrawn for cash 5 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr 1) 3 months US dollars		6 months US Dollars	
bid 4⁷⁄₁₆	offer 4⁹⁄₁₆	bid 4⅜	offer 4½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6½	One month	3.75	Three year	6.10
Broker loan rate	6	Two month	4.04	Five year	6.93
Fed.funds	4¼	Three month	4.13	Seven year	7.22
Fed.funds at intervention	-	Six month	4.29	10-year	7.54
		One year	4.49	30-year	7.98
		Two year	5.58		

Apr 1	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.60-9.70	9.65-9.75	9.65-9.75	9.65-9.75	9.65-9.75	9.75
Paris	9⅞-9⅞	9⅞-10¹⁄₁₆	9¹⁵⁄₁₆-10¹⁄₁₆	10-10⅛	10-10⅛	9.60
Zurich	7⅞-8⅛	8¼-9	-	8⅝-8⅞	-	-
Amsterdam	9.50-9.56	9.55-9.63	-	9.55-9.62	-	-
Tokyo	4⅞-4⅞	4⅞-4⅞	-	4⅞-4⅞	-	-
Milan	12-12⅛	12⅛-12⅛	-	12⅛-12⅛	-	-
Brussels	9⅛-9½	9⅞-9⅞	-	9⅞-9⅞	-	-
Dublin	10⅜-10⅛	10⅜-10⅛	10⅜-10⅛	10⅜-10⅛	10½-10⅝	-

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Duncan Lawrie	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Equatorial Bank plc	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Exeter Bank Limited	11	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Financial & Gen. Bank	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	First National Bank Plc.	14	Provincial Bank PLC	14
Bank of Cyprus	10.5	● Robert Fleming & Co.	10.5	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	Robert Fraser & Ptnrs.	11	Royal Bk of Scotland	10.5
Bank of India	10.5	Girobank	10.5	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	● Guinness Mahon	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Hambros Bank	10.5	TSB	10.5
Barclays Bank	10.5	Hampshire Trust Plc	13.5	Unibank plc	10.5
Benchmark Bank	11	Heritable & Gen Inv Bnk.	10.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	● Hill Samuel	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	C. Hoare & Co.	10.5	Western Trust	10.5
CL Bank Nederland	10.5	Hongkong & Shanghai	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Julian Hodge Bank	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	● Leopold Joseph & Sons	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	Lloyds Bank	10.5		
Co-operative Bank	10.5	Meghraj Bank Ltd	10.5		
Coutts & Co	10.5				

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

Cater Allen Ltd
25 Birchin Lane, London EC3V 9DJ — 071-623 2070

HICA	9.00	6.75	9.3807	Mth
Consort £5,000 min	9.50	7.125	9.9248	Mth
TESSA	10.25	-	10.7455	Mth

Charterhouse Bank Limited
1 Paternoster Row, EC4M 7DH. — 071-248 4000

£2,500-£19,999	9.25	6.94	9.65	Mth
£20,000-£49,999	9.50	7.13	9.92	Mth
£50,000-£99,999	9.75	7.31	10.20	Mth
£100,000+	10.00	7.50	10.47	Mth
$5,000-$49,999	2.50	1.88	2.53	Mth
$50,000-$99,999	3.00	2.25	3.04	Mth
$100,000-$199,999	3.25	2.44	3.30	Mth
$200,000+	3.50	2.63	3.56	Mth

Many other currencies are available—for rates please phone ext. 2168

Clydesdale Bank PLC
30 St Vincent Place, Glasgow G1 2HL — 041 248 7070

£2,000-£24,999	8.00	6.00	8.24	Qtr
£25,000-£99,999	8.75	6.56	9.04	Qtr
£100,000+	9.25	6.94	9.58	Qtr

J. Henry Schroder Wagg & Co Ltd
120 Cheapside, London EC2V 6DS — 071-382 6000

Special Act.	9.00	6.75	9.28	Mth
£10,000 and above	9.2500	6.94	9.55	Mth

Western Trust High Interest Cheque Acc
The Moneycentre, Plymouth PL1 1SE — 0752 224141

£15,000+	10.00	7.50	10.38	Qtr
£5,000-£14,999	9.75	7.31	10.11	Qtr
£1,000-£4,999	9.50	7.13	9.84	Qtr

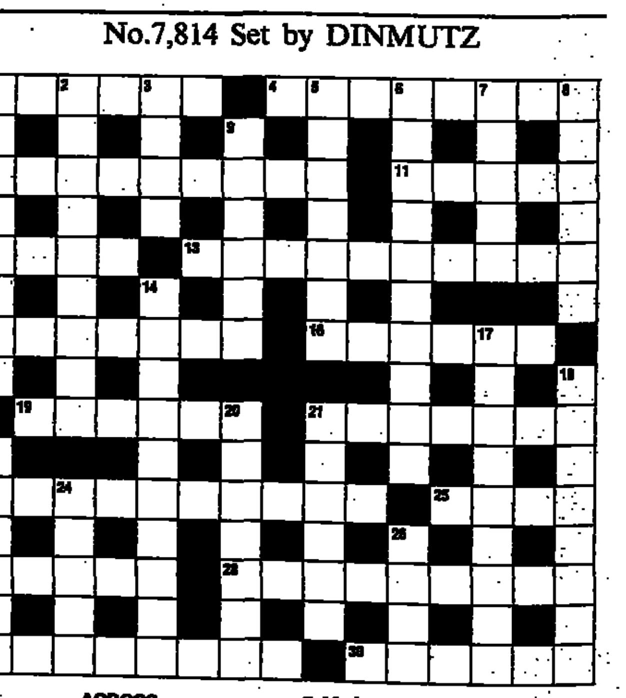
Wimbledon & South West Finance PLC
114 Newgate St, London EC1 7AE — 071-606 9485

High Int Cheque Acc.	10.60	7.95	11.03	Qtr

NOTES— Gross. Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

CROSSWORD

No.7,814 Set by DINMUTZ



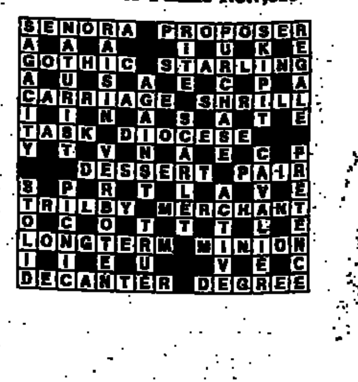
ACROSS

1 Braque's work with planes, for example? (6)
4 Space for books being put aside (8)
10 Halt, while reforming government (9)
11 Snake-dread, possibly? (5)
12 Crude craft right astern (4)
13 Hands up? (3-7)
15 Tangier, say, as esparto producer (7)
16 Take stock of others and whisper! (6)
19 More enthusiastic mourner? (6)
21 Eastender, male, born before the fourth of July (7)
23 Unwanted outcome of team result (4-6)
25 Old painter returned without a shilling (5)
27 Angles troublesome to divers? (5)
28 Conservative, a party rough diamond? (9)
29 Lamb, for one, is easy to cook by the way (8)
30 Oppressive, always, in the home counties (5)

DOWN

1 Red clover found in lower pot (8)
2 Document-holder inappropriate in Jarndyce v Jarndyce? (9)
3 Slough outbuilding (4)
5 Blessed row! (4,3)
6 But it does not grow from a bookworm. (4-6)
7 Madagascan primates discovered in certain driveways (5)
8 Where people leave car rubbish, heartlessly (6)
9 Mail-boat makes a lot of money (6)
14 Mole-catching store-detective? (7-3)
17 No burial at sea for this German count! (9)
18 Set of symptoms in which money's thrown about? Get doctor in! (8)
20 Get ready to shoot again, using soldiers' target (7)
21 Eric, perhaps, in company of Tully (6)
22 Posh fur is ready to wear (6)
24 Impressions of dentist having to remove it (5)
26 Something in Pandora's box bound to need a key (4)

Solution to Puzzle No.7,813



WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Mar 31	Mar 30	Mar 27	Mar 26	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3235.47	3235.24	3231.44	3267.67	3290.25 (3/3)	3172.41 (2/1)	3290.25 (3/3/92)	41.22 (2/7/32)
Home Bonds	98.61	98.49	98.89	98.72	99.81 (6/2)	98.41 (20/3)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1383.78	1372.38	1379.67	1392.00	1467.66 (20/2)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	205.62	203.87	203.24	203.93	225.59 (3/1)	202.55 (6/3)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3272.81 (3260.06) Low 3216.46 (3215.79)

STANDARD AND POOR'S

	Mar 31	Mar 30	Mar 27	Mar 26	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	403.69	403.00	403.50	407.86	420.77 (15/1)	403.00 (30/3)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	480.15	479.41	480.33	485.55	499.27 (15/1)	479.41 (30/3)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	*34.07*	*34.09*	*34.08*	*34.53*	35.14 (15/1)	33.53 (31/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	223.25	222.99	223.31	225.49	231.85 (15/1)	222.99 (30/3)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	395.04	393.61	394.36	398.36	418.99 (12/2)	393.61 (30/3)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	603.77	602.07	604.67	615.40	644.92 (12/2)	566.45 (2/1)	644.92 (12/2/92)	54.87 (31/10/72)

	Mar 27	Mar 20	Mar 13	year ago (approx.)
Dow Industrial Div. Yield	2.86	2.80	2.84	3.53

	Mar 25	Mar 18	Mar 11	year ago (approx.)
S & P Industrial div. yield	2.62	2.61	2.64	2.88
S & P Indt. P/E ratio	28.78	28.91	28.51	17.95

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Bristol My	3,266,100	76¼	- 2¼
RJ Nabisco	2,545,800	9½	+ ¼
Limited	1,850,100	28¼	- ⅞
Global Mar	1,844,800	1⅜	...
Oak Ind	1,776,800	2¼	+ ¼
AT & T	1,672,300	40¾	- ¼
IBM	1,607,100	83½	+ ¼
Glaxo	1,569,700	27¼	- ⅞
Comw Ed	1,554,800	33⅞	- ¼
Mirage	1,520,000	35¼	- ⅞

TRADING ACTIVITY

† Volume Millions	Mar 31	Mar 30	Mar 27
New York SE	168.404	131.276	166.020
Amex	13.392	11.999	14.029
NASDAQ	192.047	154.207	203.963
NYSE			
Issues Traded	2,232	2,229	2,212
Rises	901	716	446
Falls	785	923	1,242
Unchanged	546	590	524
New Highs	24	22	18
New Lows	27	36	31

CANADA

TORONTO	Mar 31	Mar 30	Mar 27	Mar 26	1992 HIGH	1992 LOW
Metals & Minerals	2890.57	2901.62	2918.18	2968.18	3238.87 (16/1)	2890.57 (31/3)
Composite	3412.10	3406.70	3416.80	3448.50	3666.00 (16/1)	3406.70 (30/3)
MONTREAL Portfolio	*1768.92*	*1767.56*	*1777.06*	*1796.06*	*1937.59 (16/1)*	*1767.56 (30/3)*

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr 1	Mar 31	Mar 30	Mar 27	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	*1574.0*	*1582.6*	*1573.4*	*1576.4*	*1675.60 (15/1)*	*1568.00 (18/3)*
All Mining (1/1/80)	687.8	693.0	686.0	687.4	717.20 (25/2)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	422.46	428.48	428.09	431.97	685.20 (18/3)	372.24 (2/1)
Traded Index (2/1/91)	1005.53	1020.36	1020.15	1031.15	1099.43 (24/2)	901.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1189.49	1193.01	1187.88	1187.09	1234.72 (3/3)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	328.94	330.20	330.74	331.12	365.29 (15/1)	328.94 (1/4)
FINLAND						
HEX General (28/12/90)	811.1	826.6	825.9	837.7	935.90 (24/2)	779.00 (2/1)
FRANCE						
CAC General (31/12/82)	526.13	529.45	532.90	524.04	534.00 (11/3)	475.53 (2/1)
CAC 40 (31/12/87)	1928.07	1942.43	1943.75	1923.54	1993.88 (10/3)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	698.95	699.86	695.85	696.19	715.44 (3/3)	643.26 (8/1)
Commerzbank (1/12/53)	1973.4	1974.6	1963.8	1969.3	2026.70 (3/3)	1813.80 (8/1)
DAX (30/12/87)	1707.30	1717.86	1710.31	1711.45	1764.80 (5/3)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4909.96	4938.30	4978.27	5007.58	5071.19 (13/3)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1353.11	1372.05	1379.95	1389.02	1469.57 (17/1)	1353.11 (1/4)
ITALY						
Banca Com. Ital. (1972)	502.43	502.47	496.49	497.74	551.59 (6/2)	496.49 (30/3)
MIB General (2/1/92)	992.0	989.0	977.0	979.0	1087.00 (6/2)	977.00 (30/3)
JAPAN						
Nikkei (16/5/49)	18581.79	19345.95	19669.31	19636.99	23801.18 (6/1)	18581.79 (1/4)
Tokyo SE (Topix) (4/1/68)	1359.67	1418.52	1430.15	1428.13	1763.43 (6/1)	1359.67 (1/4)
2nd Section (4/1/68)	2064.01	2101.96	2105.20	2106.94	2459.85 (6/1)	2064.01 (1/4)
MALAYSIA						
KLSE Composite (4/4/86)	588.37	593.21	597.69	602.71	619.06 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS Tti.Rtn Gen.(End 1983)	290.3	290.3	290.8	290.3	295.10 (4/3)	274.00 (8/1)
CBS All Shr (End 1983)	203.8	203.9	204.2	203.8	4379.00 (17/3)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	706.73	712.61	703.10	705.49	748.03 (17/1)	667.88 (25/2)
PHILIPPINES						
Manila Comp (2/1/85)	1099.81	1092.94	1091.19	1086.11	1303.30 (17/1)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	379.94	383.76	385.07	388.17	416.99 (21/1)	379.94 (1/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1125.04	1118.0	1133.0	1118.0	1327.00 (21/1)	1103.00 (24/3)
JSE Industrial (28/9/78)	4425.04	4485.0	4455.0	4455.0	4535.00 (15/1)	4169.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	*599.00*	*606.32*	*597.69*	*617.39*	*691.48 (8/2)*	*597.69 (30/3)*
SPAIN						
Madrid SE (30/12/85)	253.28	256.47	256.11	256.71	266.51 (28/2)	238.93 (2/1)
SWEDEN						
Affarsvariden Gen (1/2/37)	994.7	999.9	1002.4	1006.9	1009.70 (20/3)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	810.3	816.2	817.8	813.8	818.00 (26/3)	748.50 (9/1)
SBC General (1/4/87)	640.2	643.2	643.5	640.5	650.10 (3/3)	601.70 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4676.48	4800.94	(c)	4817.35	5391.63 (30/1)	4676.48 (1/4)
THAILAND						
Bangok SET (30/4/75)	822.42	822.72	827.24	828.18	828.18 (27/3)	711.81 (3/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	479.8*	488.8	489.2	490.1	542.10 (7/1)	479.80 (1/4)
Euro Top-100 (26/6/90)	*907.62*	*915.58*	*916.15*	*914.94*	*943.20 (3/3)*	*870.31 (2/1)*

**Saturday March 28: Taiwan Weighted Price: 4833.47. Korea Comp Ex. 602.66.
‡ Subject to official recalculation. *Calculated at 15.00 GMT
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000. JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500. (c) Closed (u) Unavailable

TOKYO - Most Active Stocks
Wednesday 1 April 1992

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Minebea	11.3m	414	-50	Kurabo Inds	3.8m	415	-66
Meiji Milk	6.2m	746	-65	Japan Storage	3.7m	849	-61
Tokyu	5.3m	860	-34	Mochida Pharm	3.1m	2,690	-240
Nippon Steel	4.6m	300	-13	Chiyoda Corp	3.0m	1,310	-100
Okamoto	4.5m	895	-75	Hitachi	2.8m	770	-15

2:00 pm prices April 1

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

[illegible]

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

2:00 pm prices April 1

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Acton Cpr		1	13	6 1/8	5 7/8	5 7/8	
Air Expr	0.16	15	20	28 5/8	28 1/2	28 1/2	-1/4
Alfin Inc		3	10	1 3/4	1 3/4	1 3/4	
Allstrinn		0	64	5/8	1/2	5/8	-1/8
Alpha Ind		24	147	2 1/2	2 1/4	2 1/2	+1/8
Alza Cp A		47	1212	41 7/8	41 3/8	41 3/8	
Am Isr Pa	0.50	12	8	45 1/2	45 1/8	45 1/8	-3/8
AmMaize A	0.64	12	65	24	23 3/4	24	+3/8
Am Smflwr x	1.00	4	221	6 1/4	d5 5/8	5 5/8	-1/8
Amdahl Cp	0.10	393	1214	15 3/4	15 3/8	15 3/4	-3/8
Am Expl		4	262	2 1/8	d2 1/8	2 1/8	-1/8
Ampal-AmA		99	15	5	5	5	
Astrotech		37	39	9 1/8	9	9	
Atari		19	209	2 3/4	2 5/8	2 5/8	-1/8
AtlasCM B		2	108	1/16	1/2	1/16	
Audiovx A		1	30	2	2	2	-1/8
Bkh Ocean x	0.20	13	65	8 1/2	8 1/8	8 1/8	
BaldwnT A	0.04	20	2	4 7/8	4 7/8	5	
Barry RG		18	29	6 1/4	6 1/8	6 1/2	-1/4
BAT Ind x	0.81	22	1506	11 13/16	11 3/4	11 13/16	+3/16
Beard Oil		6	z100	1 3/8	1 3/8	1 3/8	+1/8
Bergen Br	0.40	14	217	19 5/8	19 1/2	19 5/8	-1/4
Bins Mas x	1.00	61	12	25 1/8	25 1/8	25 1/8	
Bio-Rad A		16	26	17 3/4	17 1/2	17 5/8	
Blount A	0.45	19	15	7 1/8	7	7	-1/4
Bolar Ph		15	120	11 1/4	10 3/4	11	-1/4
Bow Valley		169	2	8 3/4	8 3/4	8 1/2	-1/8
Bowmar		22	75	2	2	2	-1/8
Bowne	0.25	14	392	17	16 1/2	16 1/2	-5/8
Brascan A	1.04	38	6	14 3/8	14 3/8	14 3/8	
BSN Corp x	0.50	36	14	7 3/4	7 3/4	7 3/4	-1/8
Cal Engy		18	167	12 1/4	12	12 1/8	-1/8
Calprop		1	12	3 1/4	3 1/4	3 1/4	
Carnvl A	0.52	14	2546	22 7/8	22 1/4	22 1/2	
Can Marc	0.24	13	40	12 7/8	d12 5/8	12 3/4	-1/4
Chasbra A		11	4426	9 3/8	9 1/8	9 1/4	-1/4
Chambers		13	59	10 5/8	10	10 1/2	+1/8
Champion		27	32	4 7/8	4 7/8	4 7/8	-1/8
Chiles		2	73	2 1/8	2	2	-1/8
Cntrl FdA	0.01		37	3 7/8	3 13/16	3 13/16	
Cominco	0.44	30	14	17	d16 5/8	16 5/8	
Computrac		9	156	2	2	2	
Concd FdA		118	13	4 3/4	4 3/4	4 3/4	
Corona A	0.10	443	292	4 1/2	4 3/8	4 7/16	
CrossAT A	1.28	19	29	25	24 5/8	25	
Crown C A	0.40	109	17	24 1/8	24	24 1/8	
Crown C B	0.40	18	4	21 7/8	21 5/8	21 5/8	-1/4
Cubic	0.53	11	40	19 1/8	18 3/4	19	-3/8
Customedix		10	11	2 1/4	2 1/8	2 1/4	+1/8
CypressFd	0.36		42	5 7/8	5 3/4	5 3/4	
DI Inds		27	371	13/16	d3/4	13/16	
Ducommun		6	7	4 3/8	4 3/8	4 3/8	-1/8
Duplex	0.48	25	35	u13 1/4	13	13 1/4	+1/4
DWG Corp		11	322	8 1/2	8 3/8	8 3/8	-1/8
Eastn Co	0.42	10	15	13 3/4	13 1/2	13 3/4	-1/8
Eastgroup	1.52	6	24	13 3/8	13 3/8	13 3/8	
Echo Bay	0.07	92	1839	6 5/8	d6 1/2	6 1/2	-1/8
Ecol En A	0.22	13	11	17 1/8	17 1/8	17 1/8	-1/4
Edisto		0	160	1/16	1/16	1/16	
Engy Serv		11	414	1 1/2	d1 3/8	1 3/8	-1/8
Fab Inds	0.50	13	16	34 3/4	34 1/4	34 3/4	+1/4
Fina Inc A	3.20	26	3	70 3/4	70 1/2	70 1/2	-1/2
FstCityBnc	0.05	11	16	7 1/2	7 1/2	7 1/2	
Fluke Jf x	0.48	80	222	30	28 5/8	29 7/8	+3/4
Forest La		31	104	33 3/4	33 1/4	33 1/4	-5/8
Frequency		8	10	4 5/8	4 1/2	4 5/8	
Fr ofLoom		22	1220	35 1/2	34 3/4	35 1/4	+1/4
FstAust	1.06		133	u9 7/8	9 13/16	9 7/8	+1/8
Giant FdA	0.66	11	489	23	d22 1/2	22 5/8	-3/4
Glatfltr	1.20	16	23	56 1/8	56	56	
Goldfield		2	3	7/16	7/16	7/16	
Greenman		8	111	5 3/4	5 5/8	5 3/4	
GRI Corp		1	94	7/16	3/8	3/8	
Gulf Cda	0.35	11	980	u6 7/8	5 7/8	6 3/8	+3/8
Hasbro	0.09	25	1511	23 3/4	d23 1/8	23 3/4	
Health Ch		41	30	2 1/2	2 1/2	2 1/2	
Healthvst		100	6	2 7/8	2 7/8	3	
Heico Cp	0.15	13	50	14 3/8	14 3/8	14 3/8	+1/8
Hlthaven		3	98	2 3/4	2 5/8	2 5/8	-1/8
Horn&Hdt		0	z100	1 5/8	1 5/8	1 5/8	
Hovnanian		122	151	12 1/2	12	12 1/4	-1/8
ICH Corp		5	707	4 3/8	4 3/8	4 3/8	-1/4
InstSysPl	0.25		2	7 3/8	7 3/8	7 3/8	-1/8
Intermark		0	419	5/8	1/2	1/2	-1/16
IntTelchg		0	13	13/16	13/16	13/16	
Jan Bell		41	74	14 1/8	14	14	-1/4
Kinark Cp		4	8	7	d6 7/8	7	
Kirby Exp		18	595	12 1/8	11 1/4	11 3/8	-7/8
KLH Comp			276	1/4	d1/8	1/4	+1/16
Labarge		23	240	2	1 7/8	1 7/8	-1/4
Laser Ind		150	z100	4 5/8	4 5/8	4 1/2	
Lee Pharm		1	10	1 3/8	1 3/8	1 3/8	-1/8
Lionel Cp		0	126	1/16	1/16	1/16	
Lumex Inc		18	84	15 1/2	15 1/4	15 1/2	
Lynch Cp		20	4	22 1/4	22	22	
MagnaCpB		7	876	6	5 3/4	5 3/4	
MaterSc		30	z100	21 3/8	21 3/8	21 3/8	
Maxxam		5	72	41 1/4	41	41	-1/4
Media A	0.44	8	40	20	19 7/8	19 7/8	-3/8
Mem Co		381	10	7 3/4	7 5/8	7 5/8	-1/8
Michl En	0.40	18	164	16	15 3/4	15 7/8	+1/8
Moog A		31	121	5 1/8	d5	5	
MSR Expl		1	3	5/8	5/8	5/8	
Nabors		12	1004	6	5 7/8	5 7/8	-1/4
Nat Pmt		99	208	4 1/8	d4	4	-1/4
New Line		21	111	14 1/8	13 7/8	13 7/8	-1/8
NY TimesA	0.56	49	923	30 1/2	30	30 1/4	-1/8
NthCanOil	0.18	45	13	u10	9 7/8	10	+1/8
Numac O&G		84	11	4 3/8	d4 1/4	4 1/4	-1/8
NV Ryan		0	247	1 1/8	1	1	-1/4
Odetics A		41	25	5 7/8	5 3/4	5 7/8	-1/8
Olsten	0.24	34	95	32 1/2	32 1/8	32 1/2	+1/4
OMI Corp	0.14	7	78	6 3/4	6 1/2	6 5/8	
Pall Corp	0.36	27	648	25 3/4	d25 1/2	25 5/8	
Pegasus G	0.10	33	519	12 5/8	12 1/4	12 1/4	-1/8
Perini		45	7	12 3/8	12 1/4	12 1/4	-1/4
Pen Ht&P	0.31	8	9	10 1/4	10 1/4	10 1/4	-1/4
Phil LD	0.25	13	198	32 1/4	31 7/8	32	-1/8
Pittway A	0.70	16	30	30 1/2	30 1/4	30 1/4	-3/8
Ply Gem	0.12	27	157	10 7/8	10 3/4	10 7/8	
PMC x	0.84	17	152	u11	10 3/4	10 3/4	
PresidioA	0.10	2	82	2 3/4	d2 1/2	2 3/4	
Price Com		0	15	7/16	7/16	7/16	+1/32
RB&W Cp		3	102	4	3 3/4	3 3/4	-1/8
RiedelEnv		2	7	3 1/4	3 1/4	3 1/4	-1/8
SJW Corp	1.98	10	5	u32 1/8	31 7/8	32 1/8	
StrhUnion		41	3	15 1/4	15 1/4	15 1/4	
Sterl El		14	94	4 5/8	4 1/4	4 3/8	-1/8
TII Ind		1	7	1 7/8	1 7/8	1 7/8	
Tab Prods	0.40	135	2	12 1/8	12 1/8	12 1/8	
Tel&Data	0.32	56	702	34	d33	33 5/8	-1/8
Thermedcs		108	117	9 3/4	9 1/2	9 3/4	
Thermolns		24	330	23	22 3/4	23	+1/8
Total Pet	0.40	26	8	8 5/8	8 5/8	8 5/8	
TownCntry		0	12	2 1/2	2 3/8	2 3/8	-1/8
Tubos Mex		0	3525	7 5/8	d6 7/8	6 7/8	-1 1/2
UtdFoodsA		4	254	1 7/8	1 7/8	1 7/8	+1/8
UtdFoodsB		99	74	u2	1 7/8	2	+1/8
UnivPtnts		80	36	12 1/4	12 1/8	12 1/8	-3/8
US Cellul		36	52	23	23	23	
Vivigen		32	13	15 5/8	15 1/4	15 1/4	-1/4
WangLab C		2	19	7 7/8	7 1/4	7 3/8	-1/2
WangLab B		2	1395	5 1/2	5 3/8	5 3/8	-1/8
Wthrfrd		14	56	4 3/8	4 1/4	4 3/8	-1/8
Westamer	0.48	8	269	19	19	19	-1/4
WRET	1.20	14	47	13 1/8	12 7/8	12 7/8	-1/8
Worthen		10	92	21 3/8	21 1/8	21 1/4	
Xytronix		18	70	13 5/8	13 1/8	13 5/8	+1/4

NASDAQ NATIONAL MARKET

2:00 pm prices April 1

[illegible]

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Withington	0.48	26	708	23 1/4	23	23 1/4	
WPP Group	1.11	1	278	2 7/16	2 1/8	2 7/16	+1/16
Wyman-Gdn	0.40	4	56	5 1/2	5 1/8	5 1/8	-1/4

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		27	2319	26 1/4	24 3/4	26	+1/4
Yoma Corp		10	1820	19 3/4	d19	19	-1/2
Yellow Fr	0.94	30	621	28 7/8	28 1/2	28 5/8	-1/4
York Rsch		53	8450	6 1/2	5 3/4	6 3/8	+7/8
Zionutah x	1.44	10	180	u50 1/4	48 1/2	48 7/8	-1/8

FINANCIAL TIMES

Thursday April 2 1992

AMERICA

Dow comes off low on signs of recovery

Wall Street

US EQUITIES initially responded to the latest fall in the Nikkei average but came off an early low on signs of economic recovery, *writes Karen Zagor in New York.*

At 12.30pm the Dow Jones Industrial Average was down 10.51 at 3,224.96, after a morning low of 3,215.34. Declining issues led those advancing by a ratio of 11 to 4. The more broadly-based Standard & Poor's 500 was down 1.66 at 402.03 at 11 am, while the Nasdaq composite index of over-the-counter stocks declined 4.23 to 599.54 in late morning trading.

On Tuesday, the Dow edged 0.23 higher to 3,235.47. Turnover on the NYSE was 55.7m shares at midday.

The market opened on a weak note in sympathy with Japan, but started to recoup its losses after the release of the purchasing manager's report for March which showed the most rapid rate of growth in the US economy since last September.

The March index rose to 54.1 per cent from 52.4 per cent in February. Any reading above 50 per cent is seen as a sign of economic expansion. In addition, the new orders index climbed to its highest level since June 1988.

The employment component, however, had a dampening effect on the stock market ahead of tomorrow's release of employment figures for March. Employment in the manufacturing sector fell at a sharper rate last month than in February, with the employment index dropping to 42.8 per cent from 44.5 per cent.

Chemical Waste Management slid $3/4 to $18 1/8 in active morning trading. The hazardous-waste subsidiary of Waste Management, the biggest US waste management company, yesterday disclosed that it is facing a criminal investigation for work it performed for the US army corps of engineers. Details of the government investigation came out in Chemical Waste Management's 10-K filing with the Securities and Exchange Commission.

Trading was less active in Waste Management's shares, which fell $5/8 to $37 1/4. Browning Ferris, the country's second biggest waste management concern, eased $1/2 to $21 1/4.

Shares in W.R. Grace also saw heavy trading, tumbling $2 3/4 to $38 after the specialty chemicals company said its first quarter results would probably decline from the 36 cents a share in the comparable period of 1991.

The company, however, expects full year earnings to rise more than 10 per cent from the $2.50 earned in 1991. Grace attributed the first quarter erosion to timing and continuing weakness in the energy sector.

Among active blue chip issues, Eastman Kodak slipped $1/8 to $40 1/4, IBM fell $3/8 to $83 1/4 and Citicorp lost $3/8 to $16 1/8.

Bristol-Myers Squibb recovered $3/4 to $76 3/4 after falling $2 on Tuesday when several analysts downgraded their ratings on the issue. The big pharmaceutical company disappointed Wall Street by saying that its first quarter sales would be below expectations.

Secondary stocks were also broadly lower yesterday morning. High-technology stocks dominated Nasdaq morning trading, with Intel dropping $1 1/2 to $53 3/4, Microsoft holding steady at $118 3/4 and Apple Computer firming $3/4 to $58 1/4.

Canada

TORONTO stocks followed overseas markets lower at midday. The 300 composite index fell 21.82 to 3,390.32, with all sub-indices down apart from the oil and gas sector. Volume was moderate at 11.9m shares.

Among most active stocks, Canadian Turbo rose 5 cents to C$3.75, while Canadian Pacific was unchanged at C$16 5/8. Sherritt Gordon fell C$1/4 to C$8 5/8 and Gulf Resources rose C$1/4 to C$7 1/2. American Barrick rose C$1/4 to C$30.

SOUTH AFRICA

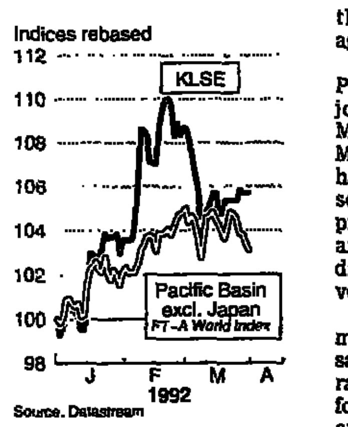
INDUSTRIALS dropped 60 or 1.3 per cent to 4,425 following weak overseas stock markets. Continued strength in the financial rand added pressure. The overall index closed 31 lower at 3,519, while the gold index firmed 7 to 1,125.

Electricity flotation puts dampener on 1992 rally

John Pitt reports on the growing number of shares traded on the already buoyant Malaysian market

Investors making room in their Malaysian equity portfolios for shares in Tenaga Nasional, the electricity utility which is due to be privatised at the end of May, have put the brakes on the stock market's new year rally.

The KLSE composite index climbed to a 1992 high of 619.06 on February 20, driven by blue chips and some good corporate results, but has since drifted back to close at 588.37 yesterday. It is still above its 1992 low of 546.63 reached on January 14.



Source. Datastream

But, according to the FT-Actuaries World Indices, Malaysia remains ahead of the average for the region, with a 6.2 per cent rise in local currency terms, compared with a gain of 3.4 per cent for the Pacific Basin, excluding Japan.

The flotation of Tenaga has attracted a lot of interest from local and foreign investors. Not only is it the country's largest privatisation to date, but it is also the first time that foreigners have been allowed to take part: of the 23 per cent the government has offered for sale, some 10 percentage points of that has been set aside for non-locals.

The privatisation is expected to raise $1.3bn and, when listed, the utility will account for 11 per cent of total market capitalisation.

Of the shares on offer, the bulk – some 625.05m – are restricted to local investors and will be offered at a fixed price of M$4.50 ($1.73). However, results of the tender tranche of 60m shares, which closed on March 27, show that there were 178 applications at a price of M$6.55 to M$7.10 and that the issue was oversubscribed 7.4 times.

The source of the applicants has not been made public, but analysts believe that there was a strong Japanese presence.

Tenaga's May 30 listing highlights the growing number of shares listed on the KLSE, so much so that the stock market authorities have tightened the rules to limit the rise.

The number of listed companies has grown since last year – there are now 334 companies with a total market capitalisation of M$161.4bn, compared with 296 last July. Companies wanting a quotation have now to show a pre-tax profit record of not less than M$4m over a three to five-year period, against M$2m previously.

Last week saw the debut of Proton, the car manufacturing joint venture between the Malaysian government and Mitsubishi, of Japan. Its shares have settled at a premium of some M$1.60 over the offer price of M$5, although some analysts feel the stock may drift down on disappointing vehicle sales figures.

As for the Malaysian stock market as a whole, analysts say that an easing in interest rates would act as a catalyst for a fresh market rally. This appears unlikely, however, following the central bank's annual statement on Monday, in which it reaffirmed its intention to check inflation, which last year reached a 10-year high of 4.4 per cent.

Hopes in the latter part of 1991 that the bank's tight monetary policy had started to cool the economy down have now faded. According to the most recent data, GDP in the 1991 final quarter accelerated to an annualised 9.7 per cent from 7.9 per cent in the first half of 1991, and compared with 8.8 per cent for the whole year.

Analysts say the bank's recent interbank rate tightening indicates a cut is still some way off. But they believe a drop in inflation to about 4 per cent could lead to cuts of between 1 and 1.5 per cent in the second half of the year.

EUROPE

Paris falls back as Cresson clings on

TOKYO'S DROP and domestic uncertainty weighed on bourses yesterday, *writes Our Markets Staff.*

PARIS fell in nervous trading on fears that Mrs Edith Cresson might stay on as prime minister after all. However, optimists still believed that she would be replaced by the finance minister, Mr Pierre Bérégovoy, and expected an announcement today. The CAC-40 index fell to 1,919.87 before recovering to close 14.36 lower at 1,928.07. Turnover was modest at FFr2.7bn, with Perrier accounting for FFr558m.

Paribas lost another FFr12.10 or 3 per cent to FFr382 as the bank gave details of its UK exposure to London analysts. The insurer AGF rose FFr8 to FFr508 in volume of 122,880 shares which was virtually made up by two block trades.

Sommer Allibert, the industrial and home equipment maker, added FFr46 or 3.4 per cent to FFr1,405 in spite of a 62 per cent slide in 1991 profit. Analysts attributed the rise to speculative buying on hopes of a management change after criticism from leading shareholders. The stock is also viewed as a turnround situation.

Bic, the razor and pen manufacturer, jumped FFr34 or 4.9 per cent to FFr719 after reporting better-than-expected 1991 results.

FRANKFURT reversed Tuesday's gains, as an absence of corporate news depressed sentiment. A speech by Mr Hans Tietmeyer, the Bundesbank deputy president, in which he restated the view that wage increases must be reined in, also weighed on the market. The DAX index fell 10.65 to 1,707.30, while the FAZ index, calculated at midsession, was 0.91 weaker at 698.95. Turnover fell to DM4.8bn from DM5.1bn.

Lufthansa closed down DM5.20 or 3.6 per cent to DM145.10 on unconfirmed reports that the airline had suffered a DM400m loss in the first quarter.

Allianz weakened DM36 to DM2,118 after the cartel office said that it had written to the insurer asking it to reduce its 47 per cent holding in Dresdner Bank. An Allianz official said that the group will give an initial response today. Dresdner put on 40 pfg to DM350.20.

Deutsche Bank, which is expected to release good 1991 earnings today, advanced 50 pfg to DM713.50.

Among car makers BMW, which reported a 24 per cent increase in first quarter group sales, in line with forecasts, fell DM2.00 to DM572.50. Volkswagen slipped DM2.50 to DM361.30.

Schering, which has been under pressure following an analysts meeting last week, weakened DM9.30 at DM802.20.

MILAN calmed down after Tuesday's rebound and dealers expected little change ahead of the general election at the weekend. The Comit index rose 1.67 to 504.10 in turnover estimated at L85bn after Tuesday's L90bn.

Sip, the telephone company, ran into some profit-taking after Tuesday's gains, falling L11 to L1,445 as volume remained heavy at 8.5m shares.

Banca Nazionale dell' Agricoltura tumbled on fears that the state-owned Credito Italiano would sell its stake in the bank, following a report in a Rome newspaper quoting Mr Franco Nobili, the president of the state holding company, IRI. BNA fell L315 or 6.1 per cent to L4,890. Credito controls 8.5 per cent of BNA's shares and 22.4 per cent of Bonfiche Siele, the holding company that controls a further 48 per cent of BNA. BNA and related issues were temporarily suspended in early March because of a dispute about ownership.

ZURICH, which rose moderately in early trade, weakened after the release of data suggesting that inflation was increasing. The SMI index finished down 10.5 at 1,826.7.

Swissair bearers closed up SFr7 at SFr745 after announcing group net profits of SFr83m and a resumption of dividend payments.

The chemical sector, which has performed strongly this week, weakened on profit-taking. Ciba-Geigy bearers and registered shares fell SFr20 and SFr10 to SFr3,470 and SFr3,480 respectively. Roche bearers eased SFr60 to SFr4,290.

AMSTERDAM lacked domestic news and investors appeared to turn their attention towards companies with a US exposure. One analyst commented that the positive economic news coming out of America would benefit those stocks.

Wessanen, which derives 40 per cent of its operating earnings from America, gained 30 cents to Fl 91.80. Philips was also stronger, rising 40 cents to Fl 36.80 and Royal Dutch advanced 50 cents to Fl 141.70. The CBS Tendency Index fell 0.2 to 124.55 in turnover of Fl 516.5m.

STOCKHOLM followed overseas markets lower. The Affärsvärlden general index closed at 994.7, down 5.2, in turnover of SKr399m after SKr521m.

Volvo B fell SKr3 to SKr415 on reports that its partner Renault is in negotiations with Citroen.

BRUSSELS's Bel-20 Index ended 3.52 lower at 1,189.49. In retailers, Delhaize eased BFr20 to BFr9,410 on profit-taking, while GIB reversed a three-day decline, climbing BFr16 or 1.2 per cent to BFr1,348.

MADRID eased with the focus mainly on blue chips. The general index closed down 2.19 to 253.28 in turnover of Pta10.5bn.

ISTANBUL declined ahead of a four-day holiday. The 75-share index fell 14.44 to 4,062.18 in turnover of TL247.6bn after TL392.8bn.

FT-SE Eurotrack 100 - Apr 1

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1143.79	1144.70	1145.68	1143.58	1142.33	1141.99	1141.08	1141.13

Day's High 1145.68 — Day's Low 1140.80

Mar 31	Mar 30	Mar 27	Mar 26	Mar 25
1149.80	1145.80	1140.84	1146.25	1144.53

Base value 1000 (26/10/90)

ASIA PACIFIC

Nikkei drops 3.9 per cent despite rate cut

Tokyo

THE BANK of Japan's 75 basis point-cut in the official discount rate to 3.75 per cent failed to alleviate the stock market's bearishness, and the Nikkei average plunged 3.9 per cent to its lowest close since January 1987, *writes Emiko Terazono in Tokyo.*

The 225-issue average lost a net 764.16 at 18,581.79 after opening at the day's high of 19,325.47 and falling to the session's low of 18,562.63. The Topix index of all first section stocks ended 58.65 weaker at 1,359.67, dropping below 1,400 for the first time since November 1986. In London trading, however, the ISE/Nikkei 50 index was finally 0.44 up at 1,070.44.

Volume rose to 300m shares from 220m. Declines overwhelmed advances by 1,005 to 35, with 47 issues unchanged. The June Nikkei futures fell by a daily limit of 600 points to 18,980, while a total of 537 stocks set new lows since the beginning of last year.

Total capitalisation of all first section stocks, which peaked at Y590,908bn in December 1989, fell below Y300,000bn for the first time since January 1987.

The sharp falls were triggered by heavy selling by speculators and short-term investors, who had bought issues on margin. Speculative favourites plunged in panic selling as investors were forced to reduce holdings due to the declines in margin collateral values. Minebea, the day's most active issue, shed Y50 to Y414 and Kurabo Industries Y66 to Y415.

Sentiment worsened as the market fell below the 10-year moving average of the Nikkei, at the 19,000 level. "This means that investors who have bought shares during the past 10 years are losing on their investments," said Mr Masao Ariga, general manager of Daiwa Securities' financial institutions sales division.

Most analysts refrained from forecasting the expected downside support for the Nikkei average. Mr Jason James, strategist at James Capel, said share prices should bottom out between now and June.

Mr Yasuo Ueki, general manager at Nikko Securities' equity division, said the 18,000 level would be the next support. "Institutional investors would not buy equities at such levels but they wouldn't sell either," he added.

The overall weakness of the market was represented by the fall in Nippon Telegraph and Telephone, which lost Y21,000 to a new all-time low of Y615,000. However, some analysts pointed out that the major cause of the market's drop was the plunge in speculative issues. Blue chips remained above their mid-March lows on small-lot bargain hunting. Hitachi was down Y15 to Y770 and Sony Y50 to Y4,000.

In Osaka, the OSE average closed 969.29 lower at 20,091.62 in volume of 32m shares.

Roundup

THE weakness of Tokyo drove other markets in the Pacific Basin down.

HONG KONG staged a partial recovery after falling more than 60 points in the morning session on rumours that China was to announce changes in its party leadership. The Hang Seng index finished 28.35 off at 4,909.96. Turnover increased to HK$2.14bn from HK$1.94bn.

Cheung Kong appreciated 10 cents to HK$21.20 but HSBC Holdings declined HK$1.00 to HK$38.75. New World ended 10 cents firmer at HK$14.90 after reporting strong earnings growth.

SINGAPORE moved down to its lowest level since last October. The Straits Times Industrial index slipped 20.20 to 1,394.06 in turnover of S$90m, against S$67.7m.

SEOUL closed below the 600 level on profit-taking. The composite index receded 7.32 to 599.00 amid turnover of Won329.7bn, after Won388.7bn.

The government's announcement of an investment package for the manufacturing sector failed to lift sentiment.

MANILA rose in dull trade. The composite index put on 6.87 to 1,099.81. Philippine Long Distance Telephone, which advanced overnight in the US, was up 10 pesos at 820 pesos.

BANGKOK ended on a mixed note as investors awaited news of the formation of a new government. The SET index was a slight 0.30 up at 822.42 in turnover of Bt4.99bn.

AUSTRALIA, which had gained ground in the morning session, fell after Tokyo opened. The All Ordinaries index lost 8.6 on balance at 1,574.0 after A$288m turnover.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY MARCH 31 1992								MONDAY MARCH 30 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	145.24	+1.1	124.08	122.25	124.22	125.49	+0.5	4.40	143.70	123.04	121.17	123.42	124.82	160.31	112.74	134.04
Austria (20)	171.85	+0.0	146.81	144.64	146.97	145.95	−0.2	1.97	171.85	147.15	144.92	147.60	147.27	222.37	153.86	196.59
Belgium (46)	137.44	+0.4	117.41	115.67	117.54	114.90	+0.1	6.22	136.91	117.23	115.44	117.59	114.80	151.20	118.04	140.04
Canada (115)	128.82	+0.2	110.05	108.42	110.16	111.05	+0.2	3.34	128.51	110.04	108.36	110.37	110.78	144.28	126.49	138.09
Denmark (36)	228.77	−0.1	195.43	192.55	195.65	198.67	−0.5	1.84	229.08	196.15	193.18	196.75	199.72	273.94	217.74	242.09
Finland (15)	77.50	+0.6	66.20	65.23	66.28	72.90	+0.3	2.00	77.02	65.95	64.95	66.15	72.68	125.15	73.32	117.35
France (108)	154.23	+0.4	131.75	129.80	131.89	134.94	−0.1	3.35	153.66	131.57	129.56	131.96	135.04	156.43	119.11	140.31
Germany (66)	118.07	+1.0	100.87	99.39	100.98	100.98	+0.6	2.28	116.88	100.08	98.57	100.38	100.38	125.35	94.15	108.78
Hong Kong (55)	205.39	−0.9	175.46	172.87	175.67	204.06	−0.9	3.90	207.32	177.52	174.82	178.07	205.98	210.88	119.62	153.77
Ireland (18)	155.62	−0.4	132.94	130.98	133.09	135.48	−0.9	3.77	156.22	133.77	131.74	134.18	136.72	182.46	132.88	165.30
Italy (77)	70.54	+2.2	60.26	59.37	60.32	65.38	+1.7	3.55	69.05	59.12	58.22	59.30	64.30	88.23	64.76	79.68
Japan (473)	104.96	−0.7	89.66	88.34	89.77	88.34	−0.9	0.97	105.71	90.52	89.14	90.81	89.14	146.97	104.90	138.78
Malaysia (68)	237.87	−0.8	203.21	200.20	203.43	236.45	−0.8	2.68	239.73	205.27	202.14	205.89	238.35	250.18	189.18	236.73
Mexico (18)	1724.01	−1.0	1472.78	1451.04	1474.43	5780.19	−1.4	1.04	1741.90	1491.50	1468.85	1496.07	5863.97	1789.77	534.45	794.13
Netherland (31)	149.37	+0.2	127.61	125.72	127.75	126.26	−0.3	4.38	149.11	127.67	125.73	128.07	126.58	156.48	125.70	139.52
New Zealand (14)	43.65	−0.5	37.29	36.74	37.33	42.30	−0.4	6.49	43.86	37.55	36.98	37.67	42.46	54.64	41.18	45.78
Norway (24)	171.54	+1.9	146.55	144.38	146.71	150.47	+1.6	1.70	168.29	144.10	141.91	144.54	148.07	223.24	157.08	198.62
Singapore (38)	203.16	−0.2	173.55	170.99	173.74	154.85	−0.3	2.22	203.54	174.28	171.63	174.81	155.33	228.43	151.83	193.12
South Africa (61)	230.69	+0.7	197.07	194.16	197.29	177.86	+0.0	2.83	229.03	196.11	193.13	196.71	177.84	271.99	173.00	198.60
Spain (51)	152.21	+0.2	130.03	128.11	130.17	119.86	−0.3	5.01	151.94	130.10	128.13	130.50	120.23	171.12	131.51	162.93
Sweden (25)	187.00	−0.1	159.75	157.40	159.93	165.55	−0.3	2.73	187.10	160.21	157.78	160.70	166.05	204.12	146.80	188.90
Switzerland (59)	99.17	+0.3	84.72	83.47	84.82	92.28	−0.2	2.24	98.89	84.67	83.39	84.94	92.45	104.22	82.17	94.73
United Kingdom (232)	169.25	−0.2	144.59	142.44	144.74	144.59	−0.5	5.16	169.67	145.28	143.06	145.71	145.28	187.44	156.27	177.12
USA (523)	164.85	+0.1	140.82	138.75	140.99	164.85	+0.1	2.97	164.63	140.96	138.83	141.40	164.63	171.66	125.95	153.63
Europe (807)	141.28	+0.3	120.69	118.91	120.83	121.49	−0.1	4.01	140.90	120.64	118.81	121.02	121.58	151.52	125.50	141.55
Nordic (100)	172.73	+0.1	147.56	145.38	147.72	146.15	−0.2	2.21	172.48	147.68	145.44	148.13	146.40	200.81	155.55	183.21
Pacific Basin (717)	109.70	−0.6	93.71	92.33	93.82	92.82	−0.8	1.35	110.40	94.53	93.09	94.82	93.59	145.92	109.69	138.69
Euro-Pacific (1524)	122.56	−0.2	104.70	103.15	104.81	104.85	−0.5	2.58	122.83	105.17	103.57	105.49	105.38	147.66	121.29	140.21
North America (638)	162.57	+0.1	138.88	136.85	139.06	161.19	+0.1	2.99	162.35	139.01	136.92	139.46	160.97	169.69	125.91	152.78
Europe Ex. UK (575)	123.74	+0.6	105.71	104.17	105.85	107.78	+0.2	3.23	122.97	105.29	103.72	105.64	107.58	129.80	103.58	120.06
Pacific Ex. Japan (244)	156.49	−0.1	133.68	131.73	133.85	138.76	−0.3	3.91	156.60	134.09	132.07	134.52	139.16	158.33	111.40	136.77
World Ex. US (1718)	125.03	−0.2	106.81	105.24	106.93	107.19	−0.5	2.59	125.27	107.26	105.64	107.59	107.69	148.18	122.32	141.10
World Ex. UK (2009)	134.49	+0.0	114.89	113.20	115.03	122.97	−0.2	2.46	134.54	115.20	113.46	115.57	123.21	150.58	120.06	141.14
World Ex. So. Af (2180)	136.91	−0.1	116.96	115.24	117.10	124.54	−0.2	2.74	137.01	117.31	115.54	117.68	124.82	153.05	122.92	144.00
World Ex. Japan (1768)	155.97	+0.2	133.24	131.28	133.41	146.06	+0.0	3.37	155.70	133.32	131.31	133.75	146.03	161.80	126.69	148.64
The World Index (2241)	137.52	−0.1	117.48	115.75	117.62	125.02	−0.2	2.74	137.60	117.82	116.04	118.19	125.30	153.70	123.28	144.33

Latest prices were unavailable for this edition.